MAY 28 1943

BUS. ADM
LIBRARY

Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 1

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4180

New York, N. Y., Thursday, May 27, 1943

Price 60 Cents a Copy

New Airline Horizons

By W. A. PATTERSON
President, United Air Lines

It is becoming almost trite to say that there will be an extremely large-scale expansion of air transportation after the war. The general public has read and heard so much on the subject during recent months that the possibilities are rather well understood even by those who have no acquaintance with the airplane.

W. A. Patterson

Many airline authorities feel that the time has come to rationalize this post-war

(Continued on page 1972)

In This Issue

OHIO SECURITIES section containing information and comment pertinent to dealer activities in that State starts on page 1958; a similar section devoted to MICHIGAN SECURITIES appears on page 1960.

Special editorial material pertaining to SAVINGS and LOAN ASSOCIATIONS starts on page 1964. The State of Ohio is featured this week.

Can The United States Support A 300 Billion Dollar Debt?

In a carefully documented article published in the "Chronicle" of May 13 bearing the above caption, Dr. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to provide an answer to the question of primary concern to the entire nation, viz: Can, and will, the gigantic post-war Federal debt be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly, or indirectly, in whole or in part? Dr. Saxon holds that the debt can be paid in what he terms "honest dollars," provided, of course, that the nation's leaders "have the political courage to attempt it." In his article, the author discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution to the post-war debt problem.

In line with its suggestion, the "Chronicle" has been favored with various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Some of these expressions were carried in our issue of May 20 and others are given herewith:

HARRY C. CARR

President, The First National Bank of Philadelphia

In my opinion, the most unfortunate thing about such discussions is that the subject should be discussed at all. Its very discussion leads the unwise to think that perhaps we should avoid, by some means or another, trying to honestly pay off their debts.

Harry C. Carr

It happens that from 1919 on through the 20's, I made regular visits to Europe two or three times a year on business and was able to see at first hand the results on the economy of the countries and on the welfare of the people of inflation in its varying stages, and its varying degrees of intensity in one country or another. Nothing, in my judgment, can be more tragic, particularly for the middle and lower income class groups than any form or any degree of inflation.

I strongly feel that when this war is over, every honest effort should be made to cut expenses, to maintain taxes at a high, but not too high a rate, and to devote the next two generations or more to getting our debt into manageable proportions.

E. M. ELKIN

General Tax Attorney, Westinghouse Electric and Manufacturing Company.

Dear Dr. Saxon: I have read your very excellent and timely article, "Can The United States Support a $300,000,000,000 Debt?", published in The Commercial and Financial Chronicle, May 13, 1943.

I have been hopeful that a single post-war plan may be developed which will represent the combined viewpoint of all business and industry. I think that a copy of your article should be

(Continued on page 1967)

Govt. Methods Tend To Destroy Civilian Economy Says Crowther

Contends All Shortages Due To Planless Planning; Criticizes "Antics" of OPA

In an address delivered in New York last Thursday, Samuel Crowther, author and economist, discussing "Capitalism On Crutches," declared that "we are already well along on our way toward losing that sturdy, pernickety independence which most of us were reared to believe was our birthright." Speaking before the rotary Club of New York, at the Hotel Commodore, he sought to bring the gathering to "an acute realization that in our mad scramble to escape from from thinking, we are permitting an American to be redefined as a supine animal which acts and thinks exactly as it is told." Mr. Crowther commented on the spread of bureaucrats, which he said "are multiplying until now in every State there are more Federal than State employees, and in some States several times as many." He likewise asserted that "the manner and methods of Government are so swiftly destroying our civilian economy that all at once we may find that the props have been knocked from under us."

Samuel Crowther

Referring "to the extraordinary antics of the OPA" Mr. Crowther stated that "our food shortage is not due to the people eating too much, or the soldiers eating too much, or Lend-Lease sending abroad too much. The shortage is due wholly to the OPA. Its ceilings, its regulations and its horde of busybodies have turned upside down our whole structure of food production and distribution." Mr. Crowther further declared that "the rationing which was designed to limit the spending power of the dollar was so clumsily conceived and executed that it is forcing the spending of more dollars. The regulations are not preventing inflation. They are preventing production and making inflation more acute. "It is time," said Mr. Crowther, "for the real spirit of America to assert itself." "It is on the home, as well as the foreign fronts that crisis impends," he asserted, adding "if we fail here, all else will fail." Mr. Crowther's address follows in large part:

(Continued on page 1962)

INDEX

Page
Bank and Insurance Stocks.........1969
Calendar of New Security Flotations.1974
Canadian Securities...............1961
Investment Trusts.................1959
Municipal News and Notes..........1970
Our Reporter on Governments.....1962
Our Reporter's Report.............1956
Personnel Items...................1957
Railroad Securities...............1957
Real Estate Securities............1959
Securities Salesman's Corner........1961
Tomorrow's Markets—Walter Whyte Says.........................1955

QUICK ACTION ON DESIGN AND CONSTRUCTION
also
SURVEYS AND REPORTS
In connection with
MANAGEMENT PROBLEMS
FINANCING and VALUATIONS
SANDERSON & PORTER
ENGINEERS and CONSTRUCTORS
52 WILLIAM STREET
Chicago NEW YORK San Francisco

Established 1856
H. Hentz & Co.
Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges
N. Y. Cotton Exchange Bldg.
NEW YORK
CHICAGO DETROIT PITTSBURGH
MEXICO, D. F., MEXICO,
GENEVA, SWITZERLAND

Buy
WAR BONDS
R. H. Johnson & Co.
Established 1927
INVESTMENT SECURITIES
64 Wall Street, New York
BOSTON PHILADELPHIA
Troy Albany Buffalo Syracuse
Pittsburgh Williamsport Dallas

Actual Trading Markets, always
thru finest contacts in
Over-The-Counter
Securities
Kobbé, Gearhart & Co.
INCORPORATED
Members N. Y. Security Dealers Ass'n
45 Nassau Street New York
Tel. REctor 2-3600 Teletype N. Y. 1-576
Philadelphia Telephone: Enterprise 6015

FUNDAMENTAL INVESTORS · INC·
PROSPECTUS MAY BE OBTAINED FROM AUTHORIZED DEALERS
or from
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PLACE JERSEY CITY
634 SO. SPRING ST. LOS ANGELES

Purolator Products, Inc.
Federal Machine and Welder Co.
Basic Reports upon request
REYNOLDS & CO.
Members New York Stock Exchange
120 Broadway New York, N. Y.
Telephone: REctor 2-7400
Bell Teletype NY 1-635

Bond Brokerage Service
for Banks, Brokers and Dealers
HARDY & Co.
Members New York Stock Exchange
Members New York Curb Exchange
30 Broad St. New York
Tel. DIgby 4-8400 Tele. NY 1-733

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
HART SMITH & CO.
Members
New York Security Dealers Assn.
52 WILLIAM ST., N. Y. HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
Broaden your customer service with Chase correspondent facilities
Member Federal Deposit Insurance Corporation

LAMBORN & CO.
99 WALL STREET
NEW YORK CITY
SUGAR
Exports—Imports—Futures
DIgby 4-2727

Trading Markets in:
Auto Ordnance
Superior Tool & Die
Nu-Enamel
United Gas Improvement
Common
KING & KING
Established 1920
Members New York Security Dealers Ass'n
40 Exchange Pl., N.Y. HA 2-2772
BELL TELETYPE NY 1-423

Allen B. Du Mont Labor. "A"
Mayflower Hotel 5's, '50 & Com.
Natl. Press Bldg. 5's, '50 & Stock
United Paperboard Pfd.
May, McEwen & Kaiser, Com.
Maryland Drydock, Com.
Mitchell & Company
Members Baltimore Stock Exchange
120 Broadway, N. Y.
WOrth 2-4230
Bell Teletype N. Y. 1-1227

All
Sugar & Coal
also
all "Inactive"
•
George A. Rogers & Co., Inc.
New York, N. Y. Jersey City, N. J.

Byrndun Corp.
Common
Douglas Shoe
Com. & Pfd.
Indiana Limestone
Inc. 6s, 1952
Struthers Wells
Common & Preferred
5½s, 1949
H. G. BRUNS & CO.
20 Pine Street New York
Telephone: WHitehall 3-1223
Bell Teletype NY 1-1843

Indiana Gas & Chemical
Common & Preferred
Int'l Mineral & Chemical
Warrants
Seiberling Rubber Pfd.
Marion Steam Shovel Pfd.
Greene and Company
Members N. Y. Security Dealers Association
37 Wall St., N.Y. Tel. HAnover 2-4850
Bell Teletypes—NY 1-1126 & 1127

Trading Markets in
Railroad
Public Utility
Industrial
STOCKS & BONDS
G. A. Saxton & Co., Inc.
70 PINE ST., N. Y. WHitehall 4-4970
Teletype NY 1-609

We Maintain Active Markets in U. S. FUNDS for
CANADIAN INDUSTRIALS
CANADIAN UTILITIES
CANADIAN MINES
CANADIAN RAILS
CANADIAN BANKS
GOODBODY & CO.
Members N. Y. Stock Exchange and Other Principal Exchanges
115 BROADWAY NEW YORK
Telephone BArclay 7-0100 Teletype NY 1-672

The War And American Foreign Investments

In an article published in the "Chronicle" of May 20, carrying the above caption, Dr. Max Winkler discussed the status of the external obligations of various foreign governments and pointed out that the aggregate market value of such securities has enhanced materially since the outbreak of the present war. While he attributed the disrepute attaching to foreign securities generally to "propaganda," not deterioration of investment status, he nevertheless questioned the justification for the increase in the prices of bonds issued on behalf of Czarist Russia. The "Chronicle" has received several letters taking issue with the opinions expressed by Dr. Winkler regarding the actual worth of these Russian obligations. The letters are reprinted herewith:

CARL MARKS

President, Carl Marks & Co., Inc.

I cannot help but wonder why Dr. Max Winkler in his article, "The War and American Foreign Investments," is so dogmatic in his views on Russian Dollar Bonds. With an air of finality which will no doubt influence a good number of your readers, he tells us that "all foreign loans, without exception, are absolutely repudiated" and that "there has been no intimation from Moscow or elsewhere that the decree invalidating Russia's public debt has been or is about to be revoked or modified."

If the year were 1932 or earlier, we would all agree. But, this is 1943 and official records, persons, and events tell us that conditions have changed. Suppose we discuss only enough of these to arouse your readers' doubts about repudiation.

Exhibit I is the Department of State pamphlet called Eastern European Series No. 1, printed in 1933, and entitled, "The Establishment of Diplomatic Relations with the Union of Soviet Socialist Republics." On page 15 we find the following interesting statement (quoted in full):

The White House,
Washington, Nov. 16, 1933.
Joint Statement by the President and Mr. Litvinov:

"In addition to the agreements which we have signed today,

(Continued on page 1972)

Electronics

An electron is an invisible particle of electricity, one of the parts of an atom. Electronics is the science of electrons. Electrons can be controlled and put to work by means of vacuum tubes. Although the term "electronics" has come into common use only during the past year, the science is not new. Well-known applications include: radio, frequency modulation, television, X-ray, talking pictures, electric eyes.

Recent intensified interest in the subject arises from the fact that electronic devices are being employed in great quantities to win the war. Many of the new applications are secret, for military reasons, but we are now informed by the use of "Radar" (an electronic device) we can detect ships, submarines, reefs and planes with a high degree of accuracy at considerable distances, despite darkness, fog or clouds.

The electron microscope magnifies 100,000 times; opens great new fields of study in bacteria and metals. Million-volt X-rays photograph the internal structure of thick metals, detect flaws.

Electronic devices count traffic, match false teeth, reverse rolls in steel mills, control furnace temperatures, prospect for oil and ore, control humidity, help ships dock, send news pictures long distances almost instantaneously, control safety doors in mines, detect presence of gas, control bleaching processes, fill tooth paste tubes, sterilize foods, inspect razor blades, guard factories by invisible light-ray "fences," cure disease by internal body heat (diathermy), add precision and uniformity to welding.

Fluorescent lamps, an electronic application, have had rapid growth in the past five years. Radio facsimile transmission has been used principally for transmission of photographs, but it might become a competitor of telegraph systems and newspapers later on. The spectrophotometer accurately detects 2,000,000 color shades, compared with about 10,,000 for human eyes. Other electronic eyes straighten threads in weaving, inspect fast-moving

(Continued on page 1972)

We Specialize in
TITLE COMPANY CERTIFICATES
TRUST COMPANY PARTICIPATIONS
WHOLE MORTGAGES
It will be worth your while to check us before buying or selling any of these securities.
STERLING INVESTING CORPORATION
42 BROADWAY NEW YORK
BOwling Green 9-0480

United Gas Improvement
Residual Certificates
Bought — Sold — Quoted
McDONNELL & Co.
Members
New York Stock Exchange
New York Curb Exchange
120 BROADWAY, NEW YORK
Tel. REctor 2-7815

George Kranz Joins Cohu & Torrey Dept.

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, announce that George Kranz has become associated with them in their corporate trading department. Mr. Kranz was formerly manager of the trading department for Amott, Baker & Co., Inc. Prior thereto he was with the New York office of Bankamerica Co. and was manager of the bond trading department for Distributors Group, Inc., and was with Halsey, Stuart & Co., Inc.

John Miller With Amott, Baker & Co.

John Miller is now in the Corporate Trading Department of Amott, Baker & Co., Incorporated, 150 Broadway, New York City. Mr. Miller was formerly with Auchincloss, Parker & Redpath, and prior thereto was manager of the trading department for Reynolds, Fish & Co.; in the past he was with Clarence Hodson & Co., Inc.

Kimball & Cross Is Formed In Boston

(Special to The Financial Chronicle)

BOSTON, MASS.—Robert F. Kimball and Everett Clellan Cross have formed Kimball & Cross with offices at 82 Devonshire Street, to engage in a general securities business. Partners in the new firm were both formerly partners in Collins, Breed & Co.

Air Transport Lines Offer Possibilities

Ward & Company, 120 Broadway, New York City, have a circular available on Braniff Airways, Inc., and on Chicago and Southern Airlines, Incorporated. These two circulars are the first and second of a series of studies of over-the-counter air transport issues and are available to dealers upon request.

E. Walker A Director

Elisha Walker, partner in Kuhn, Loeb & Co., New York City, was elected a director of the Westinghouse Electric & Manufacturing Company. Charles E. Hook, President of the American Rolling Mill Company, has also been elected a director.

Alabama Mills
Debardelaben 4s, 1957
Ralston Steel Car
Common & Preferred
STEINER, ROUSE & Co.
Members New York Stock Exchange
25 Broad St., New York, N. Y.
NY 1-1557
New Orleans, La.-Birmingham, Ala.
Direct wires to our branch offices

American Colortype Pfd.
Earned over $50.00 per share 1942
Annual report on request
Ph. & Read. C. & I. 6s 1949
C. E. de Willers & Co.
120 Broadway, New York
REctor 2-7634 Teletype NY 1-2361

Punta Alegre Sugar
Vertientes Camaguey Sugar
Farnsworth Television
Great. Amer. Industries
Botany Worsted Mills
Com. & Pfd.
J. F. Reilly & Co.
Members
New York Security Dealers Assn.
111 Broadway, New York, N. Y.
REctor 2-5288
Bell System Teletype. NY 1-2480

Dumont Laboratories
BONDS AND STOCK
bought sold quoted
Edward A. Purcell & Co.
Members New York Stock Exchange
Members New York Curb Exchange
65 Broadway WHitehall 4-8120
Bell System Teletype NY 1-1919

Spokane Int'l Ry. Esc. Recpts.
New York Water Service Pfd.
Scranton Spg. Brook W.S. Pfd.
Int'l Mineral & Chemical
Warrants
Ohio Match
Robert C. Mayer & Co., Inc.
Established 1915
30 Pine Street, New York
Telephone DIgby 4-7900
Bell System Teletype NY 1-1790

We are pleased to announce that
MR. EDWIN L. TATRO
MR. JOHN A. DOYLE
have become associated with us in our Trading Department
HOIT, ROSE & TROSTER
Established 1914
Members New York Security Dealers Association
74 Trinity Place, New York
Telephone: BOwling Green 9-7400
Teletype: NY 1-375

The COMMERCIAL and
FINANCIAL CHRONICLE
Reg. U. S. Patent Office

William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341

Herbert D. Seibert,
Editor and Publisher

William Dana Seibert, *President*
William D. Riggs, *Business Manager*

Thursday, May 27, 1943

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other Offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Copyright 1943 by William B. Dana Company.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Posessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Our Real Estate Securities Department has specialized for the past twelve years in:

Title Co. Certificates
Prudence Co. Issues
Mortgage Participations
Issued by
New York City Banks
Call us for quotations

Newburger, Loeb & Co.
Members New York Stock Exchange
40 Wall St., N.Y. WHitehall 4-6330
Bell Teletype NY 1-2033

Scott & Stringfellow Fiftieth Anniversary

RICHMOND, VA.—Scott & Stringfellow, Mutual Building, members of the New York Stock and Curb Exchanges and the Richmond Stock Exchange, are this month celebrating the fiftieth anniversary of the firm's founding in 1893. It was originally formed as a partnership by Frederic W. Scott and Charles S. Stringfellow and, although both of the founders are now deceased, the firm has been carried on under the policies they outlined.

At the beginning of the war partners were Buford Scott, Edward C. Anderson, Walter S. Robertson, Marion N. Fitzgerald, James H. Scott, and Thomas D. Neal. Mr. Anderson retired in the summer of 1942 to become executive manager of the Victory Fund Committee of the Fifth Federal Reserve District. Later James H. Scott retired to join the Lend-Lease Administration in Washington. Mr. Robertson is also with Lend-Lease on a foreign assignment.

E. G. Ringrose Forms Own Firm In N. Y. C.

E. G. Ringrose, specialist in United States Government Bond trading, has formed his own firm, E. G. Ringrose Co., to act as dealers in United States Government obligations, both direct and indirect. The new firm will be located at 76 Beaver Street, New York City.

Mr. Ringrose was formerly office manager for Wm. E. Lohrman Co. with which he had been associated for the past six years. Prior thereto he was with the Guaranty Trust Company. Wm. E. Lohrman Co. is referring all inquiries and orders for United States Government or Federal Land Bank, etc., bond orders to the new company.

Chicago Ry. Equip.
Consol. Textile
Mergenthaler Lino.
Rockwood & Co.
Stromberg-Carlson

STRAUSS BROS.
Members New York Security Dealers Ass'n
32 Broadway NEW YORK DIgby 4-8640 Teletype NY 1-832, 834
Board of Trade Bldg. CHICAGO Harrison 2075 Teletype CG 129

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Persistent absorption of offerings points to higher prices. Widespread optimism unhealthy. But buying now advised with close stops.

* * *

There may be other fields where a man is a hero one day and a bum the next, but not being familiar with all of them, I can say, from personal experience, that nowhere does this feeling reach such a crescendo than in this business of stock market speculation.

* * *

The man who wrote: "Hell hath no fury like a woman scorned" should lend an ear to a trader who listened to advice to get out of his stocks just before said stocks started off on another bender. He'd learn something new about fury and the diabolical delights of the nether regions.

* * *

For the past month this writer has persisted in a stand that no new buying should be done. Anybody who reads this is aware that after the break of mid-April, when the Dow industrials reacted to 129.17 from a high of 137.45, that prices not only firmed but went on up to cross 140. Obviously this made me not only a candidate for drawing and quartering but at the least an ideal applicant for a permanent home in the booby hatch. So since I returned to my desk I have spent hours poring over what looks like miles of ticker tape,

(Continued on page 1960)

FASHION PARK, Inc.
$3.50 Cumulative Preferred
Accumulations $17.50 per share as of April 1, 1943. Earnings 1942 in excess of $9.00 per share
Descriptive Circular on Request

SIMONS, LINBURN & CO.
Members New York Stock Exchange
25 Broad St. New York, N. Y.
HAnover 2-0600 Tele. NY 1-210

We are interested in offerings of
High Grade
Public Utility and Industrial
PREFERRED STOCKS

Spencer Trask & Co.
25 Broad Street, New York
Telephone HAnover 2-4300 Teletype NY 1-5
Members New York Stock Exchange

Inflation—And The United States

Over-Warnings Against Inflation May Produce Evils They Seek to Combat, Says Dr. Hirsch

Too many warnings against inflation may, by creating public alarm, produce the very evils they seek to combat. This is the opinion of Dr. Julius Hirsch, who as minister of economics in Germany before and during the disastrous inflation of 1923, was the Leon Henderson of that day. Having left Germany in 1933 when the Nazis came to power, he is now in this country, dividing his time between New York and Washington as a chief consultant to the Office of Price Administration. His new book, "Price Control in the War Economy," has just been published by Harper & Brothers, with a foreword by Leon Henderson.

Dr. Hirsch arrived in America on one of his periodic visits in the War Economy," "to find that 1935, he writes in "Price Control in the War Economy," "to find that the enemies of the New Deal were predicting that its financial policies would plunge the country into inflation. On my return to this country six years later, in 1941—to remain, I hope—I found, to my amazement, that high officials of the New Deal itself were warning the country about inflation.

"I hadn't been in the country long in 1935 before I was able to learn enough about affairs here to make the prediction that the forebodings of the New Deal's foes were groundless. In 1941, however, it was a little disconcerting to hear government officials telling the people that prices would run away and that the country stood upon the brink of devastating inflation. However, once again, a survey of fiscal and industrial conditions convinced me that, if the proper controls are applied, the danger of runaway inflation in this country is remote.

"I was sensitive to this subject because my service as German secretary of economics came during the wild inflation which descended on that country after the last war. Naturally, we learned much from that disaster. Hitler's government has certainly also learned much. One lesson is not

(Continued on page 1961)

"Is The Market High?"

Every individual who is connected with the securities profession is having this question propounded almost daily. Investors, large and small, and regardless of whether their outlook is short-term or long, all want an answer to the question. Investment brokers would also like an answer to the question.

As a matter of fact, few perhaps stop to realize just what is behind the inquiry. When one stops to consider whether stocks are high, there are almost countless factors to be considered. Are stocks high historically; i.e., as compared with the averages in past years? Are stocks high in relation to the earnings outlook? Are stocks high when the current and future dividend return is measured? These are but three of the factors that one must appraise when looking at equity prices.

Historically, it seems quite simple and obvious that the level of equity prices is not inordinately high. The D-J averages closed May 18 around 138. During 1937 this same average was over 190, and in each of the years 1938, 1939 and 1940 the averages were at one time or another over 150. True, the average of equity prices is currently about 5% above the best figures reached in 1941 and about 14% above 1942's best. But the fact that equities are above last year and the year before in itself means little. For the war outlook, both East and West, is immeasurably better and brighter, and while taxes are high, and properly so, corporate profits are not being confiscated and one hears fewer misgivings today as to the survival of the profit enterprise system.

Whether stocks are high or not, based on the earnings outlook, is of course a far more comlex question. In the first place, it should be stated that the earnings outlook for all companies and all industries is far from identical. Some companies will experience difficulty in making a future transition to peace. Some lines, and perhaps the railroad industry should be included, have passed their peaks and may be fighting a rear-guard action for survival in future decades. Contrariwise, many industries qualify as dynamic, growth industries; and perhaps airlines, the electronics field,

(Continued on page 1959)

Please Note in Your Records That We Make A Specialty of Dealing in
Tiffany & Co.
Corning Glass Works
Johnson & Johnson Pfd.
Singer Manufacturing Co.
Dun & Bradstreet, Inc.

Bristol & Willett
Established 1920
Members New York Security Dealers Association
115 Broadway, New York Tel. BArclay 7-0700
Bell System Teletype NY 1-1493

B. S. **LICHTENSTEIN**
AND COMPANY

Typical "Cats & Dogs"

Detroit & Mackinac Ry.
Pfd. 5½-7½—Com. 1-1¾
1942 EARNINGS
Preferred $24.68 per share
Common $9.35 per share

99 WALL STREET, NEW YORK
Telephone: WHitehall 4-6551

We Are Specialists In
REAL ESTATE SECURITIES
Inquiries Invited In
Lawyers Mtge. Co. Ctfs.
Lawyers Title Co. Ctfs.
Bond & Mtge. Co. Ctfs.
and all other Title Co.'s
Bank Trust Participations
Complete Statistical Information

L. J. GOLDWATER & CO.
INC.
Members New York Security Dealers Assn.
39 Broadway, New York, N. Y.
HAnover 2-8970 Teletype NY 1-1203

Botany Worsted Mills
Common & Preferred

Consolidated Textile Co.

Comparative Analysis on Request

J. F. Reilly & Co.
Members
New York Security Dealers Assn.
111 Broadway, New York, N. Y.
REctor 2-5288
Bell System Teletype, N. Y. 1-2480

Stromberg-Carlson
Federal Screw Works
common and rights
Bartgis Brothers
Miller Tool & Mfg. Co.

Est. 1926
Herzog & Co.
170 Broadway COrtlandt 7-6190
Bell System Teletype NY 1-84

Tybor Stores, Common
Great American Industries
Jacksonville Gas Corp., 5s & Com.
Textile Building 3-5s, 1958, W.S.
J. B. Lyons Realty 5s, 1959

Frank C. Masterson & Co.
Members New York Curb Exchange
64 WALL ST. NEW YORK
Teletype NY 1-1140 HAnover 2-9470

WATER WORKS SECURITIES
Bonds
Preferred Stocks
Complete Statistical Information
Inquiries Invited

CRAIGMYLE, PINNEY & CO.
Members New York Stock Exchange
ONE WALL ST., NEW YORK
Telephone WHitehall 4-5290

TROSTER, CURRIE & SUMMERS
Members New York Security Dealers Association
74 Trinity Place, N.Y.C.—HA-2-2400—Teletype NY 1-376-377

We have an interest in

Punta Alegre Sugar
Vertientes Camaguey Sugar

Bought — Sold — Quoted

Private Wires to Buffalo - Cleveland - Detroit - Pittsburgh - St. Louis

Specializing in

CHICAGO TRACTION SECURITIES

•

CRUTTENDEN & CO.
Members New York Stock Exchange and Chicago Stock Exchange
209 South La Salle Street
Chicago, Illinois

Telephone Dearborn 0500
Teletype Chicago 35

Direct Private Wires to— East and West Coasts

We take pleasure in announcing that

Mr. George Kranz

has become associated with us in our Corporate Trading Department

Cohû & Torrey

Members New York Stock Exchange

One Wall Street **New York**

NEWARK, N. J. ST. PETERSBURG, FLA.

We are pleased to announce that

MR. JOHN T. CUSACK

has been promoted to Manager of our Trading Department

MR. JOHN MILLER
(formerly with Auchincloss, Parker & Redpath)

has become associated with us in our Corporate Trading Department

AMOTT, BAKER & CO.
INCORPORATED
150 BROADWAY NEW YORK
Telephone BArclay 7-2360 Bell System Teletype NY 1-588

WILLIAM F. FERRIS & CO.
ESTABLISHED 1925
Member: *EASTERN OIL ROYALTY DEALERS ASSOCIATION*

UNDERWRITERS—DISTRIBUTORS—DEALERS

Desirable Commodity Oil Investments carefully selected for their long term investment prospects as well as for their satisfactory current monthly returns.

Royalty Offerings Invited

522 FIFTH AVE., NEW YORK MUrray Hill 2-4247

Experienced
Trader Available

Capable of Managing Department

Box S-7
Commercial & Financial Chronicle
25 Spruce St., New York, N. Y.

TRADER

Man with specialty or with active dealer following wanted by long established over-the-counter firm. Liberal arrangement. Reply giving all details. Box H 26, Financial Chronicle, 25 Spruce St., New York, N. Y.

We Wish to Announce that

G. M. (JIM) WHITE
AND
JULIAN M. WHITE

have terminated their connection with the firm of

MURDOCH, DEARTH & WHITE, INC.

and that they will hereafter engage in the Securities business at the same address under the firm name of

WHITE & COMPANY
13th Floor, Mississippi Valley Trust Building
ST. LOUIS, MO.

House-Senate Conferees Agree on Compromise Legislation For Pay-As-You-Go Income Tax

75% Of Year's Taxes Cancelled For Those Owing Over $50; Full Cancellation For Those Owing $50 Or Less

The pay-as-you-go tax stalemate was broken on May 25 when the Senate-House conference committee agreed on compromise legislation under which a full year's taxes would be cancelled for persons owing $50 or less and 75% would be abated for all whose tax exceeds $50.

Payment of the unabated 25% of one year's tax—1942 or 1943, whichever is the greater—would be deferred over a two-year period, 1944 and 1945.

To bring taxapayers to a current basis, a 20% withholding levy (above basic exemptions) would be installed against all wages and salaries, effective July 1.

The compromise plan, which is regarded as virtually certain of final passage by Congress, was adopted by the Joint Conference Committee by 11 to 3.

Representative Doughton (Dem. N. C.) Chairman of the House Ways and Means Committee, estimated the bill would abate about $6,000,000,000 of one year's tax liability, or about 64% of the total taxes for a year.

In Associated Press Washington advices May 25 the following was indicated as the way the abatement provisions of the compromise would work:

1. Persons with $50 or less liability on the incomes of 1942 and 1943 would have 100% credit of this abated on the one year in which their liability was the smaller. Tax experts said that 2,036,000 returns filed on 1942 income were by persons or in joint (husband-wife) returns where the obligation was lower than $50.
2. Persons with liabilities over $50 in 1942 and 1943 would have 75% of their obligation canceled for the one of the two years in which they had the smaller taxable income.
3. The 25% obligation remaining for those gaining three-fourths abatement would be amortized over two years, with half falling due next March and the other half March 15, 1945. this would mean roughgly a 12.5% increase in the amount of taxes the taxpayers would remit in the two-year period.

"To iron out inequalities which would exist in cases where the tax liability for 1942 or 1943 is only slightly above $50, the conferees said a 'notch' provision will be added to the bill. Without such a provision, a man with a $52 tax liability would have to pay 25% of it, or $13, while his friend across the street with a $50 liability would see it all erased."

The Associated Press also said: "House conferees accepted with an amendment a Senate anti-

(Continued on page 1972)

OUR REPORTER'S REPORT

A situation developed in the municipal market, coincident with the public offering today of 4 per cent revenue bonds of the Lower Colorado River Authority which clearly indicated the effect that the long dearth of new issues has had in that field.

True, there has been a considerable sprinkling of public housing authority bonds, but by and large, issues of that type are limited in the scope of their appeal.

Naturally a substantial backlog of demand has accumulated among the general clientelle of houses doing straight municipal business and the Texas Works loan naturally proved decidedly attractive.

So much so in fact that it was reported among dealers that some potential buyers were inquiring for the bonds "at the issue price," without knowing definitely what price would be set.

This inquiry, however, should not be interpreted as suggesting any rush to buy at any price, for perhaps no group in the investment world is capable of calculating markets any closer than the municipal faction. They had a pretty good idea of how the issue would be priced.

Proceeds from the sale of the $21,635,000 issue, which will mature semi-annually from 1944 to 1970, with $4,615,000 of 2½s falling due in 1975, will be used to refund an equal amount of 4s held by the Reconstruction Finance Corporation, which are subject to call starting June 1, 1945, at 105.

Portfolio Troubles

Increasingly frequent calls for redemption of whole bond issues, along with sinking fund operations, are giving the rank and file of institutional portfolio managers many an anxious day at the moment.

(Continued on page 1969)

PUBLIC UTILITY
INDUSTRIAL
RAILROAD
MUNICIPAL
BONDS

A.C.ALLYN AND COMPANY
INCORPORATED
CHICAGO
New York Boston Milwaukee

R. Hoe & Co., Inc.
Common Stock

Circular on request

AIGELTINGER & CO.
76 William Street, New York
BOwling Green 9-3530

DALLAS

Bought — Sold — Quoted

Dr. Pepper
Republic Insurance
Southern Union Gas Common
So'western Pub. Serv. Com. & Pfd.
Dallas Ry. & Terminal 6% 1951
All Texas Utility Preferred Stocks

Check us on Southwestern Securities

RAUSCHER, PIERCE & CO.
DALLAS, TEXAS
Houston - San Antonio

ST. LOUIS

STIX & CO.
SAINT LOUIS
509 OLIVE ST.
Bell System Teletype—SL 80

•

Members St. Louis Stock Exchange

Shawell Dept. Mgr. For J. R. Phillips

HOUSTON, TEX.—J. R. Phillips Investment Co., Inc., Commerce Building, announces that William J. Shawell has become associated with the firm as manager of the investment department. Mr. Shawell was formerly manager of the local office of the Ranson-Davidson Co.

Tatro And Doyle Are With Hoit, Rose Co.

Edwin L. Tatro and John A. Doyle have become associated with Hoit, Rose & Troster, 74 Trinity Place, New York City, in the firm's trading department, it is announced by Howard S. Hoit and Thomas C. Brown, partners in the firm.

Magid On Active Duty

David H. Magid, Secretary and Treasurer of Hill, Thompson & Co., Inc., 120 Broadway, New York City, is now on active duty with the U. S. Naval Reserve at the U. S. Naval Training Station at Sampson, N. Y.

REORGANIZATION RAILS

Inquiries Invited

NEWBORG & CO.

MEMBERS

New York Stock Exchange
New York Curb Exchange
Baltimore Stock Exchange
Boston Stock Exchange
Chicago Stock Exchange
Philadelphia Stock Exchange
Pittsburgh Stock Exchange
St. Louis Stock Exch. (Assoc.)
Salt Lake City Stock Exchange
New York Cocoa Exchange
New York Coffee & Sugar Exch.
New York Cotton Exchange
New York Mercantile Exchange
New York Produce Exchange
Chicago Board of Trade
Chicago Mercantile Exchange
Commodity Exchange, Inc.
Winnipeg Grain Exchange

HAnover 2-6540 30 BROAD ST., NEW YORK Tele. NY 1-2972

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Frank I. Finucane** has become connected with **Lamson Bros. & Co.,** Commerce Trust Building. Mr. Finucane was formerly with Harris, Upham & Co. and prior thereto was local manager for Auerbach, Pollak & Richardson.

(Special to The Financial Chronicle)

MAYSVILLE, KY.—**Ralph L. Gardner** has been added to the staff of **D. P. Newell,** State National Bank Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Henry M. Hellerud** has become associated with **Slayton & Co., Inc.,** 111 North Fourth Street.

(Special to The Financial Chronicle)

WORCESTER, MASS.—**Hyman H. Berman** has joined the staff of **Tifft Brothers,** 332 Main Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Harry Albert Donovan** is with **Charles A. Day & Co., Inc.,** Sears Building.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Karl S. MacLean** has been added to the staff of **Hayden, Stone & Co.,** 85 Water Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Orlin I. Wahl** is now associated with **Sills, Troxell & Minton, Inc.,** 209 South La Salle Street. Mr. Wahl was formerly with A. C. Allyn & Co. and Bond & Goodwin, Inc.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Cecil E. Harrow** is with **Barrett Herrick & Co., Inc.,** 1012 Baltimore Ave.

Good Post-War Outlook For Farm Machinery Seen

The deferred demand for agricultural machinery, brought about by government restrictions on production in the face of record-breaking farm purchasing power, may reach 1½ billion dollars or more, according to an analysis of the industry just completed by the research department of E. W. Axe & Co., Inc., investment counsel, of New York City. Cash farm income in 1943 will be more than 18 billion dollars, unless there are crop failures, and normally such a large income would bring about sales of about 1.3 billion dollars' worth of farm machinery. Production has been sharply curtailed, however, so that both in 1942 and 1943 there has been and will continue to be a large unsatisfied demand. Since farm income will probably remain high for several years after the war, the post-war outlook for the farm machinery industry is favorable, the analysis shows.

The study traces the history and probable longer-range development of the industry with respect to such influences as the declining rate of population increase, the position of the United States in world trade in agriculture and farm machinery, and the progress of scientific research in producing more efficient and lower cost machinery. It concludes with an analysis of the investment positions of seven leading agricultural machinery companies, including a comparison of sales, earnings, total assets, book values and other items obtainable by an investment of $100 in the common stock of each company.

Copies of this analysis may be obtained from the Tarrytown Press, P. O. Box 147, Tarrytown, N. Y. The cost is 45 cents per copy—free to public libraries and non-profit institutions.

Chas. Seaver Forms Own Investment Firm

Charles H. Seaver has formed Seaver & Company with offices at 40 Wall Street, New York City, to act as dealers and brokers in listed and unlisted securities. Associated with Mr. Seaver as manager of the trading department will be Philip T. Barmonde.

Both were formerly with Cooke & Lucas, of which firm Mr. Seaver was manager of the investment department.

SOO

Minneapolis, St. Paul & Sault Ste. Marie Railway Co.

When, as and if issued

ALL ISSUES

bought · sold · quoted

ARNHOLD and S. BLEICHROEDER, Inc.

30 Broad St. **New York**
WHitehall 3-9200 Teletype NY 1-515

"Railroad Credit has been Restored yet Unrecognized"

By Patrick B. McGinnis

Copies of the address on the above subject available on request

PFLUGFELDER, BAMPTON & RUST

Members New York Stock Exchange

61 Broadway **New York**
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310

Railroad Securities

The increasing difficulty being encountered by the railroads in furthering their debt retirement programs through open market purchases had been highlighted recently by New York Central's action in calling the 3¾s for redemption at a premium, and a similar call for redemption of $18,000,000 of the Great Northern General "G" 4s, 1946. The problem is now further emphasized by Pere Marquette's call for tenders of its 1st 4s and 1st 5s, 1956, to exhaust $2,000,000. Previously the road had been able to acquire the bonds in the market but apparently this method has been found to be too slow and, with present very thin markets, to exert too strong an influence on prices.

There is no more dramatic evidence than this of the changed investment sentiment towards the entire railroad industry. Less than a year ago the marginal carriers could readily purchase all the bonds they wanted or could handle at substantial discounts, and in most cases without undue influence on market levels. The strangest part of it is that the sudden investment appeal of the Pere Marquette bonds is not based on any spectacular improvement in its debt position such as has been accomplished by such roads as Nickel Plate, Great Northern and Southern Pacific.

Pere Marquette was one of the tardiest of the marginal roads to embark on any program of debt reduction. Until late in 1943 there had been no retirement of debt with the exception of the regular serial payments on equipments. When the policy was changed the company had a total of $64,535,000 of mortgage debt, represented entirely by the three series of 1st mortgage bonds. With net income of $3,569,000 in 1943, cash of $1,578,468 was utilized for the purchase of bonds and a total of $2,259,000 face value was acquired. Based on recent market prices it seems likely that the current tender operation will result in retirements approximately equal to those of all last year. This would bring the aggregate reduction in the amount of 1st Mortgage bonds outstanding to 7%.

The progress made so far can hardly be considered as affording an answer to all of Pere Marquette's long-term financial problems, even though the belated start must be considered constructive. Of the $62,276,000 of 1st Mortgage debt outstanding as of the end of last year, $40,556,000 was in the 1956 maturities and $21,720.000 was represented by the 4½s, 1980. Certainly a maturity 13 years hence may hardly be considered as a pressing problem in relation to the broad objective of reducing total fixed charges to a level conservatively supportable under depression conditions. Nevertheless, Pere Marquette has followed the policy, less efficacious in bringing about the greatest possible reduction in interest requirements, of concentrating on the 1956 maturities, with the result that the 4s have pushed ahead to a substantial premium over the 4½s.

With the price discrepancy that has now developed the 4½s, 1980, are considered by many rail men as possessing particularly attractive income and price potentialities. It is pointed out that even if the company continues on its recent course, and the 4½s therefore do not get the benefit of any company buying, they will still eventually have to reflect the improvement in the over-all credit position of the property due to reduced debt and charges. At the same time, there is always a possibility that the management will change its buying habits, on the theory that the more rapid reduction in charges possible through retirement of the lower-priced bonds would make more feasible a refunding of the 1956 maturities when that problem arises.

Meantime, the road is making a far better-than-average year-to-year showing as far as earnings are concerned and this should continue for some months to come. Last year at this time the road's operations were handicapped by the changing over of industry in the service area to war work. These plants are now producing at capacity. Net income for the four months through April was more than 180% above the level of the like 1942 interval.

James Borden Dies

James Bean Borden, partner in J. W. Sparks & Co., Philadelphia, died after a short illness at the age of 66. Mr. Borden began his business career with the National Bank of Mount Holly, N. J., later joining the staff of Charles A. Sims & Co., railroad contractors. He became associated with The Tradesmen's National Bank of Philadelphia, remaining there for eleven years and leaving to set up his own investment business, Borden & Knoblauch. Fifteen years ago he joined the staff of J. W. Sparks & Co., becoming a partner ten years ago.

We can supply several lots of

RAILROAD BONDS
In Registered Form

at substantial concessions below prevailing levels for coupon bonds of same issues.

Inquiries Invited

LEROY A. STRASBURGER & CO.
1 WALL STREET, NEW YORK
WHitehall 3-3450 Teletype: NY 1-2050

MINNEAPOLIS & ST. LOUIS RAILROAD
(in reorganization)

Minneapolis & St. Louis 6s 1932
Minneapolis & St. Louis 5s 1934
Minneapolis & St. Louis 4s 1949
Minneapolis & St. Louis 5s 1962
Iowa Central 5s 1938
Iowa Central 4s 1951
Des Moines & Fort Dodge 4s 1935

Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York, N. Y.
Bell Teletype NY 1-897

AMERICAN MADE MARKETS IN CANADIAN SECURITIES

CANADIAN STOCKS

Brown Company com. & pfd.
Bulolo Gold Dredging
Canadian Bank Stocks
Canadian Marconi
Electrolux Corp.
Fanny Farmer Ltd.
Halifax Insurance Co.
International Utilities "A" & "B"
Kerr Addison
Minnesota Ontario Paper
Noranda Mines, Ltd.
Sun Life Assurance

HART SMITH & CO.
52 WILLIAM ST., N. Y. HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

Boston & Maine Railroad

Income Mtge. "A" 4½s, 1970

Circular upon request

McLaughlin, Baird & Reuss
Members New York Stock Exchange
ONE WALL ST. NEW YORK
Telephone HAnover 2-1355
Teletype NY 1-1310

New York, Lackawanna & Western Ry.

STOCK

Adams & Peck
63 Wall Street, New York
BOwling Green 9-8120 Tele. NY 1-724
Boston Philadelphia Hartford

With the question of "interest on interest" settled, it is our opinion that Special Master Tazewell Taylor's Plan for the reorganization of the

SEABOARD AIR LINE

will be made public by the middle of June. Our analysis of the significance of this plan will be ready for distribution shortly thereafter.

l. h. rothchild & co.
specialists in rails
120 broadway n. y. c.
COrtlandt 7-0136 Tele. NY 1-1293

TRADING MARKETS
in
Cleveland
and Ohio Securities

GILLIS OHIO RUSSELL & Co.
Members Cleveland Stock Exchange
Union Commerce Bldg., Cleveland, O.
Teletype - CV 565 Cherry 5050
L D 500
Open Wire to Troster, Currie & Summers
New York City

U. S. Truck Lines, Inc.
of Delaware
Mansfield Tire & Rubber
Common Stocks
Memorandums on request

OTIS & CO.
(Incorporated)
ESTABLISHED 1899
Terminal Tower · Cleveland
Phone CHERRY 0260 Bell Teletype CV 496-497

Mohawk Rubber Co.
Common Stock
Bought—Sold—Quoted
Circular on Request

Cayne, Ralston & Co.
Member Cleveland Stock Exchange
2027 Union Commerce Bldg.
CLEVELAND
Cherry 7445 Teletype CV 348

Cleveland Trust Co.
Nat'l City Bank
of Cleveland

Merrill, Turben & Co.
Investment Securities
Union Commerce Bldg.
CLEVELAND, OHIO
Tel. Main 6800 Teletype CV 67

Cleveland
Bank Stocks
Bought—Sold—Quoted
•
Ledogar-Horner Co.
Union Commerce Bldg.
CLEVELAND
Cherry 3800 Teletype CV 383

Ohio Brevities

Upward trend in Cleveland bank stocks has slowed but nevertheless several are at their best prices in years.

The most sensational performer has been the stock of the Union Bank of Commerce, successor to the old Union Trust Co. This stock, following merger proposals by two Cleveland banks, vaulted an unbelievable 130 points within two weeks in over-the-counter markets.

A little over a month ago, the stock was quoted at 149 bid. When the offer of Central National Bank came out, proposing to purchase the Union Commerce, it bolted 30 points to 179. Central's proposal would have permitted Union Commerce to liquidate at about $225 a share and retain its interest in liquidation of assets in the former Union Trust. The offer, which was made by letter to stockholders, met with a cool reception on the part of Union Commerce officials.

It stayed at the 179 price for about two weeks when National City Bank announced it was inviting Union Commerce to negotiate for consolidation. The morning of the announcement the stock went to 230 and before the day was out had soared to 280, an advance of approximately 100 points. During the day there were some odd-lot transactions at $275 per share. At the close, a small block of stock was offered at $325 a share. Brokers called it the fastest advance in a local bank stock in a couple of decades.

The stock has settled down now and in the last week or two has been see-sawing between 245 and 275 bid.

Stock of Cleveland Trust Co., which has not been involved in any merger proposals, also has staged a steady upward surge. About six weeks ago it passed the 100 mark for the first time in six years and currently is quoted at around 130 bid and 140 offered.

Current quotations (May 21) as compared with last January 1 follow:

	Bid	Asked
Cl. Trust	130	140
Jan. 1	83½	85
Nat'l City	31⅝	34
Jan. 1	26⅞	27⅜
Union Bank	260	295
Jan. 1	92	__
Central Nat'l	15½	17⅜
Jan. 1	12	12¼

* * *

Muny Ownership Plan Dies

City Council's utilities committee, after weeks of public hearings, voted 5 to 3 against the proposed purchase by the city of the Cleveland Electric Illuminating Co., North American subsidiary.

At a final hearing a week ago, Mayo Fesler, director of the Citizens' League, challenged statements of Paul W. Walter, chairman of the Municipal Light Plant Association, chief advocate of the purchase.

He challenged Walter's predictions of profitable operations under public ownership, and also contended that the city could not acquire the utility under the constitution as so much of the company's business is outside of the city. The city law director said the only legal obstacle was the constitutional prohibition.

* * *

Honors Woman

Cleveland Chapter of the American Institute of Banking has rewarded one of the hard-working members by electing her a member of the board of governors.

She is Dorothy Druckenbrod, secretary to F. J. Zurlinden, first vice-president of the Federal Reserve Bank of Cleveland.

Miss Druckenbrod, who had been serving an unexpired term, became the first woman ever to be chosen a governor by the local chapter.

Also elected was Wallace H. Wood, manager of the distributing department of the Central National Bank. Ralph J. Perry, of Morris Plan Bank, and Edward Ritenour, of Lorain Street Bank, were re-elected.

Miss Druckenbrod organized the Women's Public Speaking Club of the chapter, is secretary of the group's Victory Chorus and is past chairman of the women's committee.

* * *

Eugene S. Lindemann has been elected a vice-president in charge of the trust department of the National City Bank of Cleveland. He fills the vacancy caused by the death of Arthur F. Young, March 26.

Lindemann has had considerable banking experience as general counsel for Union Properties, Inc., and prior to that as special counsel to the attorney-general handling legal matters for the liquidator of the Union Trust Co.

* * *

With The Armed Forces

Dave Field, manager of the Cleveland office of the First Boston Corp. since 1937, has left for the armed forces and now is sta-

(Continued on page 1969)

Geo. F. Wagner Joins McDonald-Coolidge Co.

R. Diehl Also With Firm

CLEVELAND, OHIO—McDonald-Coolidge & Co., Union Commerce Building, members of the Cleveland Stock Exchange, announce that George H. Wagner, formerly Vice President of the Federal Reserve Bank of Cleveland, has become associated with them in their Investment Department.

Mr. Wagner came to Cleveland from Toledo in 1914 to join the force of the Federal Reserve Bank in the capacity of bookkeeper. After serving the bank in various capacities, he was made Vice President in 1938.

Mr. Wagner was active in the Cleveland Chapter of the Institute of Banking, serving as President in 1923.

Robert D. Diehl has also become associated with McDonald-Coolidge & Co. Mr. Diehl in the past was trading manager for Fahey, Clark & Co. Prior thereto he was with Mitchell, Herrick & Co., and E. A. Pierce & Co.

Ohio Municipal Comment

By J. AUSTIN WHITE

Of course, the outstanding feature of the municipal market during May has been the rise in prices. This rise started the early part of April and continued slowly and quietly right through the Second War Loan Drive. But with the return of the investment banking fraternity to business in municipal and other securities, the rise in prices has gone forward with renewed vigor.

As was indicated in this column last month, the thousands of men engaged in the investment business who returned in May to their usual work of distributing municipals, found the supply of such securities exceedingly small. Concurrently, the demand is considerable, for funds are indeed plentiful. The expected rise in prices has therefore developed. In fact, it has been so vigorous this month that one is constrained to wonder if it has not been too fast.

Supply of Ohios Especially Small

But the dearth of supply of Ohios seems especially acute. The first large issue in Ohio to be sold this month was the $656,000 Toledo issue sold May 18 as 1½s to Messrs. Halsey, Stuart & Co., with maturities running from 1945 to 1954. This coupon compares with a 2% rate on a larger issue of Toledos sold in July of 1942 with like maturities. And the bidding last week was especially close, the winning bid being 100.286, the second bid 100.28 and the third 100.22, all for 1½s. Three days later Youngstown sold an issue of $200,000 refunding bonds at 100.33 for 1½s, with maturities running from 1947 to 1956, or approximately a two-year longer average than the Toledo issue.

High premium bonds appear to be coming back into their own also. During the month one of the smaller State funds sold a half million dollars worth of Ohios, mostly with coupon rates of 5½% and 6%. Although the largest block apparently sold on an order, nevertheless the bidding was strong and close.

To close these comments about small supply, it is enlightening to note that the total amount of municipals shown in the Blue List has declined steadily to about $44,600,000 at the close of last week, a decline for the month of approximately $10,000,000. It would seem, therefore, that the market is in excellent condition to receive further offerings. (Insurance companies, and others who do not need tax exempt municipals, please take note.)

Overlapping Debt Being Shown More Widely

It was interesting to receive on one day recently, three circulars which showed the overlapping debt as well as the direct debt of the community in question. These circulars were from Messrs. Leftwich & Ross, on their offering of Knoxvilles, from Messrs. Paine, Webber, Jackson & Curtis, on their offering of West Allis, Wis., and from the Harris Trust and Savings Bank, on their offering of Jacksonvilles. This last bank, at least, may it be said to their credit, has made it a practice to show overlapping debt figures for some time.

The tendency among invest-

(Continued on page 1969)

Ohio Dealer Literature

Cayne, Ralston & Co., Union Commerce Building, Cleveland, have prepared a recent analysis on **Mohawk Rubber Co.** Common stock, copies of which may be had upon request.

W. D. Gradison & Co., Dixie Terminal Building, Cincinnati, Ohio, will furnish late information on **General Machinery** common, **Globe Werneke** preferred and bonds, and **Gruen Watch** preferred and common, upon request.

Clair S. Hall & Co., Union Trust Building, Cincinnati, Ohio, will send upon request monthly financial reports on **Marathon Paper** and **Rhinelander Paper** and will supply data on **Cincinnati Bank Stocks.**

Firm Trading Markets in
Marathon Paper
Rhinelander Paper
U. S. Prt'g & Lithographing
Local Bank Stocks

Clair S. Hall & Co.
Union Trust Bldg.
CINCINNATI, OHIO
Phone: Main 1433 Tele. CI 156

General Machinery Com.
Globe Wernicke Pfd. & Bonds
Gruen Watch Pfd. & Com.

W. D. Gradison & Co.
MEMBERS
New York Stock Exchange
Cincinnati Stock Exchange
New York Curb Associate
Dixie Terminal Building
CINCINNATI
Tel. Main 4884 Tele. CIN 68 & 274

UNDERWRITERS, BROKERS and DEALERS
Industrial, Public Utility
Railroad and Municipal
SECURITIES

W. E. HUTTON & CO.
Established 1886
Members New York Stock Exchange
First National Bank Building
Cincinnati
Main 2560 *Bell Teletype CIN 586*

M. A. Hanna Co.
(Common)
Information upon request.

L. J. Schultz & Co.
Members Cleveland Stock Exchange
Union Commerce Bldg.
CLEVELAND
Teletype CV-255
New York Tele. NY 1-1541
Cincinnati Tele. CI-574

Hickok Oil
Toledo Edison Pfds.
Ohio P. S. Pfds.

COLLIN, NORTON & Co.
MEMBERS
New York Stock Exchange
Cleveland Stock Exchange (Associate)
Chicago Board of Trade
Associate Members New York Curb
Toledo Adams 6131 Tele. TO 190
New York BOwling Green 9-2432

OHIO
SECURITIES

FIELD, RICHARDS & Co.
Union Com. Bldg. CLEVELAND Tele. CV 174
Union Cent. Bldg. CINCINNATI Tele. CI 150

OHIO
And
General Market
Municipals

Katz & O'Brien
Investment Securities
Carew Tower
CINCINNATI
Tel. Main 0138 Tele. CIN 489

We Buy
OHIO
Municipal Bonds
For Our Own Account

J. A. White & Co.
Union Central Bldg.
Cincinnati
Teletype CIN 163
Telephone Parkway 7340

New York Title & Mortgage Co.

SERIES C-2

Complete descriptive circular will be sent upon request.

Seligman, Lubetkin & Co.

Incorporated

Members New York Security Dealers Association

41 Broad Street New York

Telephone HAnover 2-2100 Teletype NY 1-592

Real Estate Securities

Post-War Future Of New York City Hotels

New York City hotel bonds are still continuing to advance in keeping with the continued increasing trend in hotel business.

The natural question on everybody's lips is how long is this state of affairs going to keep up? Will this type of business decline when the war is over?

The writer's personal opinion is that there is a good chance of the hotel business being better than ever after the war.

This theory is based on several factors—among which are the following:

Resumption of Vacation Travel Should Certainly Aid New York

With the increase of national income, there is no doubt but that thousands of people seeking an outlet for their savings will consider a holiday. New York, with its magnitude and variety, should be a Mecca for these visitors.

New York and a Post-War Shipping Boom

Ralph H. Tapscott, President of the Consolidated Edison Co. of New York, recently stated:

"The very factors that have prevented New York from being a war-boom town will prevent it from having a serious post-war slump. New York is a consumers' goods town. Consumers' goods will be in demand when hostilities cease."

Mayor La Guardia also made an interesting comment in this connection. On shipping, the Mayor pointed out that foreign steamship companies, which have been forced to discontinue service during the war, are all holding their leases in the Port of New York and are paying rent currently to be assured of their ability to resume business when the war ends. He said:

"No other State or any other port can compete with or belittle the great advantageous and the fine modern equipment for ships in our port."

New Airports Will Raise City's Commerce After the War

In disclosing that the city already is receiving application for space at the vast new Idlewood Airport being built on Jamaica Bay in Queens, New York City, Mayor La Guardia pointed out that the new field will be five times the size of the present municipal airport. He said it is estimated that 900 planes will arrive at and depart from the airport every day. He stated that the most important aspect of the new form of airplane commerce is the tremendous surge that will come at the end of the war. Huge cargo planes will be carrying thousands of tons of freight to New York to augment its present huge volume of commerce. Tropical fruit will come to New York by giant cargo airships. He predicted daily and even hourly trips from New York to London and Paris.

Some New York City hotel bonds have been more popular than others. However, there are a great many less known issues that are worthwhile. For your convenience we are enumerating a list of those on which securities are publicly held:

Hotel Abbey, Alden, Allerton, Ambassador
Bancroft, Barbizon Beacon, Bellaire, Beverly, Brierfield, Broadmoor
Chesterfield, Croydon
Dorset, Drake, Dryden
Elysee
5th Avenue, 44th Street, Franconia
George Washington, Governor Clinton, Gramercy Park
Holland, Holly, Hyde Park
King Edward, Lexington, Lombardy
Madison, Mayfair House, Marcy, New Weston
Olcott, Oliver Cromwell
Park Central, Park Crescent, Park Royal, Parkside, Piccadilly
Ritz Tower, St. George, Savoy Plaza, Sherry Netherland
Taft, Tudor, Victoria
Waldorf, Wellington, Westover

TRADING MARKETS IN
REAL ESTATE SECURITIES
★ ★ ★
SHASKAN & CO.
Members New York Stock Exchange
40 EXCHANGE PL., N. Y. DIGBY 4-4950
Bell Teletype NY 1-953

Active Markets

N.Y. Title & Mtge. BK C2 F1

Prudence Collaterals Series A-18

and all other

TITLE CO. CERTIFICATES & MTGS.

SIEGEL & CO.
39 Broadway, N. Y. Digby 4-2370
Bell System Teletype 1-1942

R. M. Horner Co. To Have Branch In Albany, N. Y.

R. M. Horner Co., recently formed investment firm of 30 Broad Street, New York City, will maintain a branch in Albany, N. Y., at 75 State Street under the management of Walter H. Eisenhut and Edwin F. Coffin. Mr. Eisenhut was formerly an officer of George R. Cooley & Co., Inc. Mr. Coffin was connected with Amott, Baker & Co., Inc.

Associated with R. M. Horner Co. in the New York office as cashier will be James M. Halliday.

"Is The Market High?"

(Continued from page 1955)

and rubber chemistry based on synthetics, are three clear examples. . . . Taxes, too, are an all-important factor in determing the outlook for earnings, and as an instance of this, one must keep in mind the effect on utility earnings if the corporate normal-surtax is to be substantially increased.

So in appraising the market level, we might look back one year and survey the country's morale at that time and further give weight to the investors' desire to retire from positions that show a red light ahead and add to positions where large development and expansion are indicated.

(Comment on dividend returns is more or less needless. For dividends stem from earnings and the factors that influence earnings influence dividends.)

Generally speaking, now that we find that there is no definitive answer to the definitive question, we would emphasize once more that the world is going through transition years. No one can look ahead and with any certainty predict the future pattern of our economy or the moderate-term outlook for this industry or that. We would feel that a proper course for an investor to follow now, as for the past year or two, would be to keep from 1/3 to 1/2 of his capital in the form of cash, government bonds and high-grade obligations;—a sheltered category to protect a portion of one's capital against the sudden and unexpected arrival of a world downtrend. The balance of one's funds, 1/2 to 2/3, we should think can well be invested in sound equities, and in this category we would emphasize high-grade oil stocks as protection against inflation, and we would mention, too, companies and industries that are featured by dynamic, growth possibilities. A program and a division of this type should provide the investor with protection on two fronts;—safeguarding his capital against both inflation and deflation and with no attempt to depend on quick and nimble investment changes to meet the sudden arrival of the unexpected. For we would always follow an investment policy with due regard for the popular proverb that "The unexpected always happens."—*Ralph E. Samuel & Co.*

Mail Order Cos. Should Enjoy Good Outlook

Leading mail order companies should continue to prosper despite the hampering influences of the war economy, according to a study of the industry published by Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange. From the investment standpoint, however, the study reveals, the chief appeal of these companies lies in their post-war outlook.

"A tremendous pent-up demand will have accumulated for auto accessories, refrigerators, radios, furniture, rugs and carpets, washing machines, and other household appliances, production of which has been banned for the duration. Residential building should enjoy a big revival and indirectly stimulate demand for numerous household furnishings and appliances in which mail order companies have long been dominant factors."

Copies of this interesting study may be had from Shields & Co. upon request.

F. L. Blewer Now A Major

Captain Francis L. Blewer, a partner of W. E. Burnet & Co., 11 Wall Street, New York, members of the New York Stock Exchange, has just been promoted to the rank of Major.

UNION
Trusteed Funds, Inc.

UNION BOND FUND "A"
UNION BOND FUND "B"
UNION BOND FUND "C"
UNION PREFERRED STOCK FUND
UNION COMMON STOCK FUND "A"
UNION COMMON STOCK FUND "B"
UNION FUND SPECIAL

Prospectus covering all classes of stock on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

The investment company field has come a long way from those early days when portfolio selections were often made on the basis of "saleability" rather than investment value. Performance records for recent years reveal a high and improving quality of investment management. But even more significant are the changes which have taken place in the sales policies of representative sponsor organizations.

While it is true that certain sponsors followed conservative sales policies from the very beginning, the tendency in the field generally was to follow the line of least resistance. This meant selling what was easiest to sell when it was easiest to sell it. Unfortunately, such a policy does not produce the best results for the investor—it preys on his inexperience and emotions instead of protecting him from them.

The immediate effects of this "least resistance" sales policy were highly satisfactory to the early sponsors, but the "after-effects" were almost disastrous for the industry. The investment companies learned that satisfied customers are just as important in their field as in any other—and sales policies have been largely tempered by this knowledge.

A good example of the present-day enlightened attitude toward the sales problems of the industry is afforded by a recent memorandum from Distributors Group to dealers participating in the sale of Group Securities. The memorandum lists the 20 classes of Group Securities' Shares and shows the percentage price advance for each class from Dec. 31, 1941, to April 30, 1943. The percentage gains ranged from a high of 201.9% for the Investing Company Shares to a low of 4.6% for the Steel Shares.

The memorandum comments as follows:

"Here is the record of price advance of each class of Group Securities, Inc. from the end of 1941 to date—a 16 month period. Note the wide divergence—how much more profitable some groups have been than the averages.

"Note also that the stock groups on which we have placed most emphasis are at the top of the list in performance—Investing Company Shares, Automobile Shares, Petroleum Shares, and more recently Low Priced Shares.

"We have based such emphasis in the past on **relative undervaluation.** The industry which almost invariably gives best results is one that is **unpopular** at the time, but unpopular **for reasons that do not stand up under investigation** and hence **undervalued.**

"That is exactly the present situation of the **steels.** The stocks held by Steel Shares are sharply undervalued. They have lagged behind the market. **We recommend special emphasis on Steel Shares at this time."**

This column is not concerned with the investment merit of that recommendation. (Although we should like to note incidentally that Hugh W. Long & Co. has taken the same stand with respect to the Steel Industry Series of New York Stocks, Inc.)

(Continued on page 1970)

INCORPORATED INVESTORS

Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON

General Bond Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

DIVIDEND SHARES

Prospectus and additional data obtainable from your own investment dealer, or from
CALVIN BULLOCK
Established 1894
One Wall Street, New York

Keystone
Custodian Funds

Certificates of Participation in Trust Funds
investing their capital as follows:

SERIES
B-1, 2, 3 and 4 IN BONDS

SERIES
K-1, 2 IN PREFERRED STOCKS

SERIES
S-1, 2, 3, 4 IN COMMON STOCKS

Prospectus may be obtained from your local investment dealer or

THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON, MASS.

Specialist in

Michigan Municipals

•

First of Michigan Corporation

Members of Detroit Stock Exchange

DETROIT NEW YORK

Tecumseh Products Company

Common

Bought, Sold, Quoted

Keane & Company

2056 Penobscot Building

DETROIT

Cadillac 9685

National Stamping Co.

Common

Latest Information on Request

MERCIER, McDOWELL & DOLPHYN

Members Detroit Stock Exchange

Buhl Bldg. Cadillac 5752

DETROIT

Michigan Municipal Bonds

•

Miller, Kenower & Company

Penobscot Building

Detroit, Michigan

Teletype DE. 475 RAndolph 3262

King-Seeley Corp'n, Com.
Leonard Refineries, Inc., Com.
Federal Screw Works, Com.
Vinco Corporation, Com.
Graham-Paige Motors

R. C. O'Donnell & Company

Members Detroit Stock Exchange

INVESTMENT SECURITIES

625 Penobscot Building

DETROIT

CHERRY 7040

Dealers . . .

Contact us for up-to-date information and markets on Michigan securities.

•

Wm. C. Roney & Co.

Members Detroit Stock Exchange
Members Chicago Board of Trade

812 Buhl Bldg. Detroit

Teletype DE 167

Michigan Brevities

Detroit became airport conscious in a big way during the last 30 days and of the several plans for municipal, national and international airports, the financial district took considerable interest in at least one.

A plan for an international airport to be located in Windsor, just across the Detroit River, calls for sealed highways connecting the port to the International Bridge and limited access highways from the Detroit side of the bridge to the downtown district.

While taking a normal civic interest in the project itself, many were even more interested in the potential effect of such plan on the revenues of the bridge.

The great structure was completed in 1928 at a cost of about $20,000,000 but lost money from the start. With the bonds in default, the company was finally reorganized in 1939 and the entire capitalization consisted of new common stock. This was issued to holders of the First Mortgage Bonds on the basis of 16 shares of stock for each $1,000 principal amount and accrued interest thereon, 2 shares of stock for each $1,000 principal amount plus interest of the debenture bonds and the old common stockholders were given warrants to buy the new stock at $12 a share.

With revenues off to $358,000 last year from approximately $417,000 in the previous year, earnings slumped to $95,954.

Prospects of considerable passenger and freight revenue from an international airport was intriguing but was too far in the future to have any tangible effect on the stock which continues to sell around $5.

However, the airport plan is receiving considerable support both in Detroit and Canada and many investors in the ill-fated bridge see it as the only hope for recouping.

* * *

In contrast to the bridge, the Detroit and Windsor Tunnel last week reported a net profit of $190.932 as compared with $175,593 in 1941. The earnings were made from gross revenues of $881,693.

* * *

Banking circles, with the successful conclusion of the Second War Loan, were busy making plans for the annual Michigan Bankers Association convention which is scheduled for Mackinac Island late next month.

Trains are sold out and many are taking the D. & C. boat, which operates a regular cruise service to the island. A number of New York bankers are expected to attend.

Reflecting the steadiness of the general banking picture, leading Detroit bank stocks continue virtually unchanged in the last 30 days, with brokers reporting little activity.

Election of Bert T. Haberkorn as Vice-President of the Surety Savings and Loan Association was announced and Fred E. Van Alstyne, President of the Wyandotte Savings Bank celebrated his fiftieth year with that institution.

* * *

Announcement by President John Robinson of the West Michigan Consumers Company that his firm may build a 60 mile, 8-inch pipe line from Muskegon to the Reed City oil field, created somewhat of a stir in Michigan oil and gas circles.

If the project wins WPB approval, it will permit utilization of the estimated 24,000,000 foot daily gas production in the field. A casing head plant, which would remove gasoline and sulphur would be moved from the Grand Rapids field to Reed City.

The state oil advisory board is supporting the project and has been for the last six months attempting to work out a conservation gas program for the field.

* * *

The improvement in Michigan's financial position was a heartening piece of news for financial circles also.

Auditor General Vernon Brown announced that general fund revenue for April was $1,880,920 over April a year ago.

His monthly summary of the state's fiscal standings showed general fund receipts for the fiscal year beginning July 1, 1942 are now $142,960,081. This represents a gain of $7,175,060 for the 10-month period over the like period a year ago.

Brown said that the increase exceeds expectations and that if it continues at the present rate, a general fund revenue of $178,000,000 will have been achieved during the fiscal year for an all time record.

Operating expenses to date total $119,946,805 as against $120,106,393 during a comparable period last year, the financial statement showed.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1955)

going over charts with technicians for whose ability I have a respect, to discover not so much as to what the market had done but what it will do from here on.

* * *

Before explaining anything I'll relieve your suspense by saying the market now looks higher. Now for the explanations.

* * *

In the beginning of April, when everybody was cheerful, I began warning readers to get out of stocks. In the column of April 1 I called attention to the prevailing rampant bullishness and advised readers that ". . . . a one-point minor down-flurry of today can easily turn into a major break of tomorrow. . . . if there is any time for the new buyer to tread cautiously that time is today." Stocks, in terms of Dow averages, were then selling at about 136. By April 13 they were down to 129.79.

* * *

In the column of April 8 I sharpened my previous warnings by flatly advising readers to cash in paper profits. What these stocks were need not be gone into here. You can discover them easily by referring to the "Chronicle" of that date.

* * *

Ever since you got out with profits this column has seen fit to keep you out of the market. But since mid-April, stocks, instead of going down some more, crawled back to about 135, spent almost all of April between 133 and 135 and in the beginning of May started up again. By May 10 the Dow averages hit 139.30. Four days later they sold off to 136.13.

* * *

It was at this point that the picture began changing. For instead of going down some more to confirm the new low made in the rails the industrials reversed their trend and once again began to climb. On May 20 the Dow industrials crossed 140.

* * *

What was equally important was volume. There were days when volume on decline looked ominous but in retrospect it is seen that most of the volume occurred on days of strength, not on weakness. Frankly, such action does not spell "bear market." On the contrary, it indicates the opposite. Yet there are flies in the ointment.

* * *

There are entirely too many people in this market wearing rose-colored glasses. There are too many advisory services recommending purchases. In fact, there are just too many bulls for my comfort. I have always found trading a lonesome affair. I don't like people to agree with me. If too many of them do then I begin looking for an exit. Yet I can't argue with a railroad train that has the right of way. But I can protect myself. Maybe not as well as I should like but well enough for the time being.

* * *

In one of my recent columns I wrote that it was possible that stocks would go on up through recent highs. If they did you would have to pay more for them but the added cost would be a kind of insurance. Well, the time has come. And here are the stocks.

* * *

Buy Raybestos-Manhattan at 28½ to 29; stop at 27. Buy National Distillers, 30 to 31; stop at 28½. Buy Newport Industries, 15 to 16; stop at 14. Buy Bethlehem Steel, 64-65; stop at 63. Incidentally, on your last trade in BS you got out at 64 with a 5-point profit. Buy Certainteed, 21-22; stop at 19. Buy U. S. Steel, 54-55; stop at 53. (In your last trade in X you bought it at 50 and got out across 58.) Buy U. S. Industrial Alcohol, 34½ to 35½; stop at 33. Buy Youngstown Sheet and Tube, 34½ to 35½; stop at 34.

* * *

As to where any or all of these are likely to go on the upside doesn't make much difference yet. But it isn't their up-trend that worries me; it's their possible downtrend. So to get back to the protection I spoke about above, don't forget the stops are put in for a purpose and not just for window dressing.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Charles A. Parcells & Co.

Members of Detroit Stock Exchange

INVESTMENT SECURITIES

639 Penobscot Building
DETROIT, MICH.

Telephone Randolph 5625 Private Wires To All Markets

Customers' Brokers Receive Slate For Nominating Committee

At its regular business meeting on June 9, the Association of Customers' Brokers will select nine members from a slate of 21 who will make up the 1943 Nominating Committee. Those chosen for this group will have charge of selecting the officers and Executive Committee nominees to be voted upon at the Association's annual business meeting in September.

Following is the slate to be voted on:

Kenneth Ward, Delafield & Delafield.
A. E. Rhinehart, Eastman Dillon.
Harold C. Shea, Fahnestock & Co.
Henry A. Barclay, Carl M. Loeb Rhodes & Co.
Harold Strohm, Stillman, Maynard & Co.
Benjamin Powers, P. P. McDermott.
Spencer Phillips, Tucker Anthony.
John Gordohn, Newman Bros. & Worms.
Edward Bender, Steiner Rouse & Co.
Walter B. Eaton, Gude, Winmill.
Alfred W. Graef, Shields & Co.
Frank S. Slee, Merrill Lynch, Pierce, Fenner & Beane.
John V. Jewell, Jr., Green, Ellis & Anderson.
Chester B. Keating, Stern Lauer & Co.
Allen B. Kendrick, Burton Cluett & Dana.
William E. Kohn, Josepthal & Co.
John S. McLean, Laidlaw & Co.
Arthur S. Mawhinney, Auerbach Pollak & Richardson.
Elmer W. McCarthy, E. W. Clucas & Co.
Maurice Glinert, Hirsch, Lilienthal & Co.
Samuel Brown, Whitehouse & Co.

Situations Of Interest

Federal Machine & Welder Co. and Purolator Products, Inc., offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Simons, Linburn & Co. upon request.

A. O. Foster In Hospital

Albert O. Foster, partner in Foster & Marshall, 1411 Fourth Avenue, Seattle, Wash., members of the New York Stock Exchange, is in the Maynard Hospital at Summitt & University, Seattle, where he was operated on for a stomach ailment. Mr. Foster will be confined to the hospital for at least a month.

The Securities Salesman's Corner

Opportunities For Salesmen In Stocks of Post-War Industries

Some weeks ago the salesmanager of an aggressive retail organization told us he thought he would put on a "new account campaign," because it was his opinion that the opportunity was right for it today.

Last week his firm completed a mail campaign which was based upon the "return card" approach. The salesmanager's predictions were borne out by the results. There is more interest in securities today than any time in years. We were also told that due to the smaller number of salesmen now engaged in the business that people are more willing to talk—they are more willing to have salesmen call—the competition isn't so keen! This paves the way for better interviews and resulting opportunities for business.

There is also considerable interest in the securities of companies whose products are likely to participate in post-war developments. It seems likely that if you are contemplating a "new account drive" that such an approach would have a strong appeal at this time. Plastics, electronics, aviation, television, air-condition and companies that might participate in the new housng developments of the future—these are the knd of securities that have sales appeal.

A few reminders might be in order, however, if you plan such a campaign. From our experience we have found the following procedure brings the best results. (1) Select one security of a single company instead of several—concentrate your efforts. (2) Pick a company that is not only statistically right from an analytical standpoint, but also having a background that can be "romanced." (3) Get behind the figures and dig out the "color" for that is what people want to buy. (4) By all means sell yourself first and by this method of self-conviction you will be able to convince others. (5) Set up an attractive pre-mailing using the return card approach. (6) Follow up every lead and be ready to tell your story in such an interesting manner that you will either open an account or make such a good impression that future business will naturally follow.

For some years we know that a certain dealer has been very much interested in a progressive company that has been rapidly expanding into the chemical and plastic fields. He keeps a close contact with this firm and whenever they have a new product he usually procures a sample. One day he showed us a small dark, brown, square of plastic material and he said, "See this stuff, it's weight for weight as strong as steel, and all made out of by-products they used to throw away because they thought it was worthless." You couldn't resist the opportunity to take the stuff in your hands and examine it closely. That's what his clients did when he showed it to them. They were interested in this new plastic, they wanted to know more about the company that was making it, they wanted to know if it was profitable, what the future was for such a product—they bought thousands of shares of stock in this company over a period of years from this dealer. He knew his story and he knew how to tell it well.

There are many companies today that will lead the field tomorrow. Those of us who have watched the history of the public's reactions, particularly over the past twenty-five years, can be assured that **the cycle theory of the past is still valid.** Many people who were expressing the opinion two years ago that they wouldn't buy a security for love nor money have forgotten all about their gloomy predictions and are today interested in making investments in securities. This is the TIME TO TELL THEM YOU HAVE WHAT THEY ARE LOOKING FOR.

Inflation—And The United States

(Continued from page 1955)

to frighten the people unduly about the stability of their currency. For at the bottom of a sharp inflation is the people's loss of confidence in their own money. Sometimes, they lose confidence, as they did in Germany, because there is no longer any reason for confidence. But it is also possible to make them lose confidence before a good reason appears. One way is to advertise the fact that the money is going to lose its value. If the enemies of the government in power do this it can cause great damage. But if the Government itself does it the result is apt to be grave. It can set in motion the thing it fears. Whatever sacrifices Hitler or Mussolini have demanded of their people, inflation is one subject they would not touch with a ten-foot pole. As a matter of fact, they have stressed again and again that they will never permit it.

"There is, of course, confusion about the meaning of the word inflation. When economists speak of it they refer to a phenomenon which produces a general rise in prices. The rise may be mild or moderate. But to the public the word inflation is generally taken to mean a runaway and devastating rise such as occurred in Germany in 1923. The administration is wisely determined to prevent any serious rise in prices by setting up an adequate system of controls, and hence has invoked the devil of inflation to induce the people to accept these controls. But this devil is a dangerous one to play with. Much harm can be done with his shadow."

Dr. Hirsch describes some of the evil he saw done by this devil in Germany. He saw his father's insurance, representing his life savings of 50,000 marks (about $12,000) paid with two postage stamps—and some months later saw one of these stamps go to 50,000,000 marks in value. He saw a baker's apprentice with borrowed money and a flair for gambling in currency run up a fortune of $7,000,000 in ten months and lose it when the mark was stabilized in November, 1923. He saw housewives go marketing early in the day so that they could lay in provisions before the value of their money went down still more. On a holiday in Holland he saw the saying that money is not worth the paper it is printed on dramatized in the form of motion picture handbills printed on the backs of German 20,000 mark notes.

But Dr. Hirsch does not expect the "devil of inflation" to appear in this country and gives these six reasons for his opinon:

1. Germany had lost after four years of war. "Her whole industrial system was exhausted and disorganized." Even in the unthinkable event that America lost this war it would be impossible for the disaster to produce such an upheaval in the life of the country.

2. Germany was saddled by the Versailles Treaty with a huge foreign debt—132,000,000,000 gold marks, or about $32,000,000,000. America's debt is also huge, but it is an internal debt, owed to the people themselves and hence not a disrupting force.

3. Germany had an inadequate gold reserve; ours is $23,000,000,000.

4. Germany lost control over her frontier, and since she depended so much on imports and exports this was a fatal restriction. America is so nearly self-sustaining that such a restriction would have relatively little effect

5. Territories which were taken from Germany included much of her natural resources—coal, ores, agricultural land.

6. When inflation threatened Germany she was able to control prices on goods produced at home. But she depended much on imports and over the prices of these she had not control.

Canada Manufacturing Reaches New Peak

In April, manufacturing activity in Canada reached a new peak, with the great majority of industrial plants operating at a level above their rated capacity, the Bank of Montreal reports in its "Business Summary" dated May 22. The review further says:

"There has, however, been a slight decline in the operations of the primary iron and steel industries and also of the cotton mills. The clothing factories remain busy with war orders and the packing plants are well employed. There is a shortage of beef and rationing of this and other meats will begin, under a coupon system, on May 27. Production of newsprint continues to be somewhat lower than in the corresponding period of last year. In April, the value of construction contracts placed was $16,047,300 as compared with $11,110,600 in March. The flour-milling industry remains very active.

"Retail trade, despite the limitation of supply in many lines of goods, is being maintained at a high level; its dollar value in March, the latest month for which data are available, being 16% higher than in February and 5% higher than in March, 1942."

Sprague Vice-Chairman Of NYSE Governing Bd.

Raymond Sprague, who has been a member of the New York Stock Exchange for 24 years, was elected Vice Chairman of the Board of Governors at the first meeting of the new Board on May 20. He succeeds John A. Coleman, who recently was advanced to the Chairmanship of the Board. Mr. Sprague was a member of the Board of Governors from 1929 to 1938 and was again elected a Governor in May, 1942. He was born in New York City in 1887. Entering the brokerage business as a collateral loan clerk, he became a partner in the firm of Drake Brothers in 1918, which partnership he continued until the dissolution of that firm in 1931. Since that time he has acted as a specialist. His firm is Raymond Sprague & Co.

The election of Mr. Coleman as Chairman was reported in these columns May 13, page 1776.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Logan B. Gill, limited partner in Crouter, Bodine & Gill, Philadelphia, Pa., will become a general partner, effective today.

Kennard G. Keen, partner in Keen & Co., Philadelphia, died on May 10th, his interest in the firm of Keen & Co., ceasing as of that date.

We offer, subject:

$250,000

Dominion of Canada Gtd.

Issued by Can. Nat. Rwys.

4½% Bonds due 1 September 1951

Price 111.25 and interest

Wood, Gundy & Co.

Incorporated

14 Wall Street, New York

Bell System Teletype NY 1-920

Canadian Securities

By BRUCE WILLIAMS

The Canadian Excess Profits Tax did not go into effect until July, 1942. Hence, last year it applied only to earnings for the final six months. This year the full burden of the tax will be felt and the question naturally arises as to how it will affect earnings and dividends of Canadian corporations.

Canada's EPT is simple to calculate. It's 100% of earnings which are in excess of a fixed percentage of average pre-war profits. The four years 1936 to 1939 constitute the base period used to determine a company's average pre-war earnings. A company may earn up to 116⅔% of its pre-war average before it pays any EPT. All earnings in excess of that percentage are taken by EPT.

A moderate financial incentive to all-out production is preserved by reason of the 20% refund which is to be made on EPT sometime after the war. Although no interest will be paid on the refundable portion of the tax and no definite time for its repayment has been set, present Government policy indicates that corporations will be unrestricted in their use of the money when received.

With a 100% EPT cutting in on corporate earnings at a fixed level (116⅔% of the pre-war average), the 40% normal income tax reduces the net profit which a company may retain to a maximum of 70% of its pre-war average earnings. In other words, regardless of how large a company's earnings are before taxes, the effective ceiling on its net income is 30% below its average earnings in the base period before the war.

This ceiling enables Canadian corporations to calculate in advance the maximum net earnings which they can achieve in 1943. For companies whose earnings will place them well into the EPT bracket, their net profit for the year—barring changes in present tax schedules—is already established. Comparative figures for ten companies are as follows:

	1943 Est. Profit Ceiling Per Shr.	1942 Actual Profits Per Shr.	1943 Ref'dable Tax (Est.) Per Shr.
Building Products..	$0.68	$0.88	$0.21
Can. Cement (pref)	5.24	7.03	1.74
Canadian Celanese	1.88	3.19	1.70
Ford Mot. (A & B)	1.45	1.94	0.56
Guelph Carpet....	1.53	3.02	1.63
Harding Carpets...	0.39	0.50	0.08
Imperial Varnish..	0.75	1.59	0.53
Robert Mitchell Co.	1.35	4.76	7.30
Ottawa Elec. Ry...	2.73	4.71	3.83
National Breweries.	1.96	2.47	0.35

From these sample figures, it is clear that Canadian corporations are faced generally with lower earnings in 1943 as a result of the ceilings imposed by EPT. In quite a number of instances the reduction in earnings will threaten present dividend rates. For example, four of the ten companies in the tabulation paid larger dividends last year than they will be able to earning this year under their estimated profit ceilings. These companies and their 1942 dividend rates are as follows: Building Products, $0.80; Canadian Celanese, $2.00; Robert Mitchell Co., $2.00; National Breweries, $2.00.

Offsetting the outlook for sharply restricted earnings during the remainder of the war period, is the fact that substantial post-war assets are being built up by many companies through the 20% EPT refund. This item bulks large in practically all war-stimulated companies. In many cases the 1943 refundable tax will exceed net earnings for the year. An outstanding example of this is Robert Mitchell Co., whose refundable tax is estimated at $7.30 per share compared with 1943 estimated net earnings of $1.35.

There is also the larger gain to the national welfare which a sound wartime tax program contributes by checking inflation and preserving the national credit. Canadians have shown themselves to be acutely conscious of the need to keep their financial house in order during the period of wartime stress. Moreover, the measures they have taken are designed to prepare them for the opportunities which the post-war world will afford. Taxing all "excess" corporate profits now while permitting companies to build up large post-war credits is a logical and important phase of the over-all program.

NASD Governors Held Meeting In Chicago

The Board of Governors of the National Association of Securities Dealers, Inc., met in Chicago on May 25 and 26, the scene of its previous meeting in January, at which time Henry G. Riter, 3rd, of Riter & Co., New York, was elected Chairman. Governors of the Association, which is the self-regulating instrument of the securities business, represent 2,300 members in all parts of the country.

A major topic of discussion at the meetings was the progress of this year's examination program, which is an annual review of business practices of all members, particularly with respect to their profit and pricing policies. The Association has disciplinary power over members who violate its Rules of Fair Practice. Wallace H. Fulton, Executive Director, reported to the Board on the examination program, as well as the membership trend and other administrative activities.

Province of

ALBERTA

All Issues

Bought — Sold — Quoted

ERNST & CO.

MEMBERS
New York Stock Exchange and other leading Security and Commodity Exchs.

120 Broadway, New York

231 So. La Salle St., Chicago

Our Reporter On "Governments"

By S. F. PORTER

This is guess-work and as such, it must be viewed with considerable caution and suspicion. . . . And now, having admitted that, let's go on to the assumption that Secretary Morgenthau will repay his major June maturity rather than refund it into new securities. . . . His most recent statements and the "feelers" around the Street indicate this may be the outcome. . . . Repayment of the $454,000,000 U. S. 3⅜% bonds of 6/15/47/43 and of the $629,000,000 U. S. 1⅛% notes of 6/15/43 out of cash on hand. . . . Cash on hand totaling close to $14,000,000,000 will be used, if the story turns out. . . . The working balance will be drawn down sharply, of course, by this redemption as well as by war expenditures running into the multi-billions, but Morgenthau has another plan to build up this balance. . . . And that report comes later. . . .

Remember, the forecast that the June maturity is to be redeemed rather than refunded is only a guess. . . . But again, assuming it turns out to be accurate, let's continue to the proper course of action for any holder of the maturing 3⅜s or 1⅛s. . . .

The 3⅜s are selling at a premium of 5/32 as of this writing. . . . The 1⅛s are at a premium of 1/32. . . . If these issues are to be refunded, the premiums quoted now are too small. . . . But if they are to be redeemed, the premiums are in line—another signpost, perhaps. . . .

If you hold the 3⅜s or 1⅛s, why are you continuing to stay to the last minute? . . . Because you anticipate a profitable refunding and think you may have "rights"? . . . A pretty dangerous expectation, it seems. . . . Because you haven't thought of taking action? . . . Not an especially wise policy at this time. . . . So consider these points:

"Roll over" your own maturity. . . . If you want longer term securities, sell your 3⅜s or 1⅛s now and buy the particular issue you want. . . . Perhaps the new 2s. . . . Perhaps the last issue of 1¾s due in 1948. . . Perhaps you can even go out into a longer bracket. . .

If you want short-terms because the money represented is in the "hot" classification, still do your own refunding. . . . Sell your issues now and swing into the securities you prefer at your own leisure. . . . There's no sense to waiting, for you have little to gain—if anything—and a lot more in interest and 32nds to lose. . . .

Incidentally, one trader reports there already has been considerable switching into longer-term stuff and it is his opinion that much of this represents switching from the maturing issues. . . . He believes the larger banks holding the maturing notes and bonds and confined to shorts are still to take action on moving into other obligations. . . . And from that he draws the conclusion that we may see a pick-up in prices and activity in the short-term category between now and June 15. . . .

A SPECIAL BANK ISSUE?

And now to the rest of this story, which is of utmost importance, even though it may be based on "talk" rather than actual statistical informaion at this point. . . .

If Morgenthau redeems the June issues instead of refunding them, he draws down his balance by more than $1,000,000,000 . . . At a time when war expenditures are running at the rate of $7,290,000,000 a month, at the daily rate of $280,000,000. . . .

His balance is only at the $14,000,000,000 mark to start with and it won't be built up too much by the June income tax payments and regular sales of war bonds and tax notes. . . .

So. . . . Another in-between issue is to be looked for, prior to the time of the next war loan campaign, aimed directly at individuals and non-banking investors. . . .

For the exact timing of the financing, look to the maturity of the $1,609,000,000 ⅞% certificates, due August 1. . . . Assuming Morgenthau is going to roll over this one, he'll take action in July and give the issue an August 1 dating. . . .

At the same time, he may ask for another few billions from the usual market sources, particularly from the big commercial banks. . . .

Now, what does this mean? According to the data available, here's what we can look for:

(1) A repayment of the June issues. . . .

(2) A big bank issue in July, simultaneously with a rolling over of the c.is. . . . Maybe totaling $3,000,000,000 or $4,000,000,000 or even $5,000,000,000. . . .

(3) No fanfare on this one. . . . Just a market issue, along the lines of the ones we had before the war. . . . Quickly subscribed, easily handled, restricted pretty much to the experts and the investors who actively deal in the open market. . . .

(4) And in September or so, a third war loan drive, directed at non-banking investors and designed for anti-inflation as much as for financing purposes. . . . With the commercial banks to be eliminated. . . .

Sure, it's guess-work. . . . But it makes sense and the story is worth consideration on the basis that it may help you formulate your investment policy between now and the middle of summer. . . .

THE MARKET

Market still looks beautiful, according to consensus among dealers. . . . At the moment, it's consolidating its gains, is resting for a bit after a three-month advance. . . . Nearly all issues have caught up to the general level and there's virtually no loan out of line at the present writing. . . .

Which is another way of saying that there are few switching opportunities in the market now. . . .

The new bonds have moved up to the point where they're in with the rest of the list today too. . . . The 2½s of 69/64, for instance, at a price of 100.18, yield 2.46 to call date, as compared with 2.46 on the 1968/63s and 2.44 on the 1972/67s. . . . The 2s of 1952/50 at a price of 100.21, yield 1.89% to call, as compared with 1.87 on the shorter-term 2s of 1952/50 and this seems a logical enough spread. . . .

So, if you've been holding off on selling the new ones and getting into other issues that appear more sensible for your particular position, you can act now. . . . When the 2½s and 2s go up from now on, they'll rise with the rest of the market, not ahead of it. . . .

And if you've been playing the switches, you can return to your original position or the position you prefer. . . .

As for the market's course over the coming weeks, stability to slight advance may be expected. . . . Even some reaction is possible, depending on the news and on the actions of individual banks of large size. . . . Toward June, some advance in the short-terms can be looked for. . . .

INSIDE THE MARKET

In the earlier tax-exempt and taxable categories, according to dealers, there's not much difference in yields after taxes. . . . Meaning that you can sell whatever short-terms you want without sacrifice on this score. . . .

In the longer-term tax-exempt and taxable categories, there still is considerable difference in yields after taxes, meaning that switches out of the short-term tax-exempts and into the long-term tax-exempts or out of the long-term taxables and into the long-term tax-empts are sensible and probably will be profitable. . . .

One point that doesn't get any attention among experts or amateurs but which seems of growing significance is to consider the "popularity" as well as the position of a bond, when you're determining your portfolio. . . . The 2¾s of 1965/60, for instance, are a popular bond and as such, they will have a favored position in any market reaction in the future. . . . Some of the short-term tax-exempts are leaving that classification because of their high premiums and the obvious short-term life of the privilege they carry. . . .

Open market portfolio of the Federal Reserve System reveals preponderance of longs—two-thirds of the issues held having maturities shorter than five years. . . . Reason is this is a central bank, of course, and its operations are entirely different from those of an ordinary bank. . . .

Government Methods Tend To Destroy Civilian Economy, Says Samuel Crowther

(Continued from first page)

"At the risk of being classed as a pessimist, let me say it has not been made wholly plain, at least to me, how the path to freedom of speech will be cleared by its suppression, nor how the path away from want will be cleared by death and destruction, nor how the way from fear will be cleared by more fear, nor how freedom to worship will emerge from the smoking ruins of a world made bare by stimulated hate.

"It is all well enough to play at being Alice in Wonderland and it is fun to go to Never-Never Land by airplane with Eleanor or Henry or Wendell. They do not ask us to do anything about anything at the moment and they provide a fluent patter for those of us who wish to be considered intelligent and a good show for the rest of us. But may I remind you that, although one may seem to escape from reality by getting drunk on glory, just as one may seem to escape by getting drunk on a different sort of spirits, there is always a morning after with a more complicated set of realities than we had the day before.

"Therefore, instead of asking you lightly to skip with me up to the top of my pet mountain and there unfolding to you a panorama of my pet world, I am going to ask you to sit right where you are and look around, and I am asking you to do this in the hope of bringing an acute realization that, in our mad scramble to escape from thinking, we are permitting an American to be redefined as a supine animal which acts and thinks exactly as it is told. We are already well along on our way toward losing that sturdy, pernickety independence which most of us were reared to believe was our birthright. We are not exchanging it for some supposedly higher form of life in which dependence and interdependence become hallowed. We are not losing it because anyone planned it that way.

"We are losing it because, as a people, we have been too cowardly to come to grips with reality, and in trying to escape from reality we have set up a manner and a form of Government which has no means of going forward and therefore must go backward and is now mired in the bog of planless socialism, and it does not matter that those who are on the political bandwagon shriek that they are not in the mud at all but on a fine paved highway.

"I hold that it is not only the solemn right but the holy duty of an American citizen to criticize his Government, and especially in wartime. And I further hold that it is stark desecration for any Government officer to wrap himself in the flag to hide his errors or his incapacity. In peace time we can put up with errors and incapacity because usually we can change personalities before too much harm has been done, but today we are at war and the manner and methods of Government are so swiftly destroying our civilian economy that all at once we may find that the props have been knocked from under us and, in the hour when most they need us, we may in sheer helplessness let our boys down. That would be to our eternal shame.

"We have been taking the Washington bureaucracy as something of a joke. It is no longer a joke and it is no longer just in Washington. It has spawned all over the country and pretty much all over the world. While the factories and farms are acutely short of manpower, the bureaucrats are multiplying until now in every State there are more Federal than State employees and in some States several times as many. I do not know how many are outside the United States, but I am informed that in Brazil alone we have around 10,000 civilian employees. We thought we were rid of the WPA, but it is back again in a new hat, and, where the primitive WPA's had to learn to doze on shovels, the modern WPA's have desks.

"It is a most extraordinary bureaucracy and presents a phenomenon, the like of which the world has never known. Never has any group anywhere at any time had so low a general level of ability. Having said all that, I have said exactly nothing, for this bureaucracy is not a cause but a result. The members of this bureaucracy are not to be blamed for being what they are. We, the people, put them there by insisting that government do what government is incapable of doing. And a change in government which would merely mean the Republican Party displacing the Democratic Party, while it would bring in a lot of new faces, would not change the manner of government or lessen the weight of bureaucracy or enlarge the freedom of the average man.

"We, the people, are getting what we asked for, although neither the package nor the contents are what we expected, and, so long as we ask government for that which is not in the power of government to deliver, we are going to get an ever-increasing dose of exactly what we are getting now—regardless of what party is nominally in power.

"That needs some explaining. We have been drifting away from the historic American conception of individual independence for a long while, but more especially since the 16th Amendment, which became a part of the Constitution just before the first World War, gave to the Congress the right to levy graduated income taxes and thereby centered in the Federal Government a life and death power over all citizens and all corporations. Almost at the same time, we established the Federal Reserve System as an aid to better banking. We never thought these two laws would ever or could ever be used except in the general welfare, but they did strengthen the power of central government, and one may take for granted that a power given is a power that will sometime be used. It was thus not unnatural that in the great depression people should turn helplessly to the government to do for them what they thought they could not do for themselves. The cry for help called forth the NRA and you will remember that was a complete departure from the American theory of free private enterprise and an experiment in a kind of guild socialism with business grouped into guilds, with codes of laws supervised by the government. That act was killed by the Supreme Court. But it lived long enough to establish in Washington the flat principle that the American people have not the mental capacity to think, act or spend for themselves and therefore must be regulated, supervised and kidded by government.

"The kidding phase—which has now come to be known as morale building—was also new in American life. Never before had a government elected by us become a thing of itself with a vast publicity crew trying to sell policies to the people in exactly the same fashion and with most of the same devices that the Soviet and Nazi governments used to sell themselves to their peoples. The NRA may be considered a comic interlude in our national life, and some of you who are here may have walked up Fifth Avenue wearing buttons and carrying flags, in the hope that depression was a kind of Jericho whose walls would fall, if only you marched around them.

"The NRA was quickly followed by the AAA, the WPA and no end of other agencies that not only shoveled out the public money but bore prodigious litters of bureaucrats who were nearly all the kind of people who believed that our citizens were incapable of deciding anything of importance for themselves and needed to be cared for. And of course these bureaucrats had to have petty, legalistic, mono-rail minds, else they could not have found themselves capable of directing the American people.

"All this took money. There are only three ways in which a government can raise money. The first is by taxing. The second is by borrowing savings. The third is by printing money. The first notion was that wealth could be redistributed through taxes, and the income taxes, which had been sanctioned by the 16th Amendment, were raised to such heights that it was no longer worth while for anyone to venture. The Government, while wailing about unemployment, took away the only means which has ever given useful and self-sustaining employment. And, what is more, these taxes took away the power of business to sustain itself. The National Industrial Conference Board several years ago compiled some figures on production per capita of population and compared them with Federal expenditures and gross Federal debt. They are significant. During the years 1923-1929, which was the Administration of President Coolidge, the production index figure was 405 per capita, the Federal expenditures were $1,314 per capita and the gross Federal debt was $5,017 per capita. During the years 1933-1940, which was the Administration of President Franklin Roosevelt, the production per capita fell to 312—which was four points lower than during the period 1901-1909, which was the Administration of President Theodore Roosevelt — the

Federal expenditures per capita rose to $3,108 and the gross Federal debt to $11,709. That is, as the Government tried to replace American individual initiative and free private enterprise with a system of doles and regulations administered by welfare workers, production fell by nearly a quarter, Federal expenditures nearly tripled and the gross Federal debt more than doubled. Remember that those figures are per head of population. Any man with ordinary sense knows that the end is not far away if, on a declining volume of business, one increases spending and debt.

"That brings us to another highly important point which somehow does not seem generally to be grasped, and that is government borrowing. I think the reason for the confusion is partly the sort of statistics that have been coming out of Washington and partly the mystery that somehow surrounds banking. A commercial bank as distinguished from a savings bank, which is not a bank at all but an investment trust, does not lend money. It lends credit. That a bank does not lend money but lends a credit which serves as money, sounds as though queer business were going on somewhere but that is nonsense. Probably no single factor has been so important in the growth of British and American trade as the flexible banking system which can circulate credit as money. But that system will work only in private hands, because it depends on loans being paid off out of new production. In government hands, the banking system may serve to create the illusion of money, and that is exactly what has happened here and is at the root of our trouble.

"Although the New Deal pretended to redistribute wealth, it never collected in taxes more than half the money it spent, and I may say right here that the kind of social reform which has to be supported by borrowing—which, as I shall develop, turns into money printing—is not social reform at all but something in the nature of fake stock selling. The Government borrows from the banks. When a bank buys Government securities, it opens a deposit to the credit of the Government to the amount of the securities and puts them among its assets. It follows the same procedure as with an individual borrower. If the Government does not retire its securities, the bank deposits created by their purchase remain, and it may surprise you to know that the increase in our bank deposits since 1916 has been entirely due to Government borrowing, for business, up until the opening of the war period, was borrowing less than in 1916.

"Our bank deposits are no longer an evidence of wealth or of savings. They simply represent unpaid Government borrowing. Since they may be turned into hand money at any time, they are simply a Government way of printing paper money, and you will remember that our money is no longer exchangeable for gold. If there had been an attempt to spend these bank deposits at any time between, say, 1937 and 1941, we would have had an inflation of prices which would have made a piker out of the 1929 stock market. If such an attempt at individual spending had then occurred, we would have then had all the controls that we have now. But it was just not worth while for the individual to spend for gain, because under the tax laws the Government said: 'Heads I win and tails you lose.'

"Now we are at war but, financially speaking, we are continuing to do what we did during the social welfare days of the New Deal. The Government then raised by borrowing about half of what it spent. Now it is spending sums far beyond human comprehension and raising about three-quarters of the money through the commercial banks—or, to put it bluntly, by printing money. A change in the basic law and character of the Federal Reserve System has made this possible.

"Now let us see what all this means. You have heard a lot of fancy talk out of Washington about the 'inflationary gap' and about the necessity of controlling inflation through controlling prices, and so on and so on. It may or may not have struck you that no matter what happens turns out to be a reason for more Government control.' The 'inflationary gap' is supposed to be the difference between the amount of goods available to buy, which in turn is supposed to be exactly the amount of goods on which our civilian population can stay alive and work, and the amount which the Government is spending. The notion is that through taxes, forced savings, price control and rationing, the Government can create money at will and make it act, smell and taste like money, and at the same time prevent it from being used as money. This is exactly the manner in which Hitler managed to re-arm Germany, although by now, both in Germany and in Russia, money is only a ticket entitling one to use a ration book. We are in a half-socialistic planned economy, but unfortunately our chief planners have astigmatism and are working without their glasses.

"We have in this nation no shortages that are not man-made. I include both materials and manpower. You are familiar with the mess in manpower. We have a national shortage of rubber and sectional shortages of petroleum products. Even elementary provision would have supplied us with a great rubber stockpile and a synthetic rubber industry which would have been in production by the time the pile was used up. Equally elementary provision would have provided either a petroleum transportation safe from enemy attacks or an adequate defense against these attacks. The recklessness which ignored these vital supplies has cut deeply into the efficiency of our war effort, both directly by crippling a great section of our transport and indirectly by wasting, before various sorts of boards manpower that could have usefully been employed. It is quite evident that the bureaucrats applied to the motor problem the same grade of reasoning that stopped for a few weeks the selling of sliced bread.

"There is not now and never was a shortage of sugar except for a little while after Mrs. Roosevelt and Secretary Wickard reassured us on the radio. There need be no shortage of coffee. Practically all of our shortages have been due to loose talking, planless planning, hopelessly involved and ever-changing procedures and competition between Governmental buying agencies. It is a magnificent tribute to American industry that it has been able to produce so gloriously in spite of Governmental regulation.

"That is over the dam, but a new series of regulations are not over the dam and we can do something about them before they take us into another winter so cold and so hungry that we may become helpless.

"I refer to the extraordinary antics of the OPA. Our food shortage is not due to the people eating too much or the soldiers eating too much or Lend-Lease sending abroad too much. The shortage is due wholly to the OPA. Its ceilings, its regulations and its horde of busybodies have turned upside down our whole structure of food production and distribution. The official pleas that the people or the black markets or causes outside the OPA are to blame are untrue. They are getting pretty tiresome. The flag-waving pleas are contemptible. In the last war, Herbert Hoover, without rationing or regulations, sent twice as much food overseas as is being sent in this war and not only provided the home table with ample food, but also, at the war's end, had more beef cattle on the farms than at the beginning. He relied on the voluntary cooperation of American citizens. The present Administration talks about cooperation but relies solely on regimentation and compulsion. The order fixing prices was an order for the winds to cease and the seas to still. The order to roll back prices was an order for the seas to part and open a passage. It set a new high in bumptious ignorance until the order came through to compensate losses and to spur production through subsidies. The intricacy of that undertaking baffles the imagination and it is wholly evident that its projectors have not the slightest idea of the nature of the bull or the nature of the tail they have grabbed. The OPA, having caused an acute food shortage through its policies and regulations, now replies with more regulations and, if unchecked, will surely bring this nation into acute hunger. It has withdrawn from our economy the one thing which kept the economy alive—the spark of individual initiative. The rationing which was designed to limit the spending power of the dollar was so clumsily conceived and executed that it is forcing the spending of more dollars. The regulations are not preventing inflation. They are preventing production and making inflation more acute.

"Let us put aside the bright-colored blocks with which so many are playing 'Post-War World' and get on with the grim job of winning the war on the home front. For it is on the home as well as the foreign fronts that crisis impends. If we fail here, all else will fail. It is time for the real spirit of America to assert itself."

Calls For Overhauling Obsolete Mortgage And Foreclosure Laws

Legislatures in at least one half of the States have it in their power to make one of the most important contributions possible to a healthy post-war housing revival by acting now to get rid of their obsolete mortgage and foreclosure laws most of which have been on the law books since "horse and buggy" days, according to Charles A. Mullenix, President of the Mortgage Bankers Association of America, in a statement issued May 15.

Mr. Mullenix's views were expressed in a report to the Association's members in which he said that the time is now here to renew the attack on these statutes. He said it would represent "post war planning that can not only be planned - now but actually done now as well. It will require the use of no critical materials—only some honest vision, a realistic approach to facts as they exist today and the death of some sacred cows of politics." It is noted in the report that in at least one-half of the State's present laws governing the making of mortgages and the foreclosure of property have long been out of date, benefit neither the borrower or lender, tend to make foreclosures costly which, in turn, makes it impossible for mortgage bankers to lend as liberally as they would otherwise, and, in general, will act as deterrent to the great post war expansion in new residential building which, he said, "is estimated to run anywhere from 900,000 to 1,200,000 units annually for the decade after the war."

Mr. Mullenix pointed out that in about a fifth of the State mortgage and foreclosure laws are relatively favorable in that foreclosure costs are less than $100 on an average and probably nearer to $50; and, further, that the time required for foreclosure is short, usually less than three months. In three other States costs are equally low but the time required is longer and the redemption period permitted is even longer. He estimated that in about a fifth of the remaining States foreclosure costs are high, at least $100 on an average and probably nearly $150; time required to foreclose is long, well over three months. In the remaining States costs are high, at least $150 on an average, and the time consumed in effecting it is long. Redemption periods are also unnecessarily long.

Short Sale Rule Amended

The Securities and Exchange Commission announced on May 20 a revision of Rule X-10A-1 under the Securities Exchange Act of 1934, dealing with short sales effected on a national securities exchange.

The SEC explained the change as follows:

"It has been called to the Commission's attention that the present wording of the rule operates to prevent short sales in certain cases not intended at the time of its adoption, namely, when price declines occurred resulting from the fact that the security has gone ex-distribution. Accordingly, the revised rule provides that in determining the price at which a short sale may be effected in a security that has gone ex-dividend, ex-right, or ex-any other distribution, all sale prices for the security prior to the 'ex' date may be reduced by the value of such distribution.

"The revision consists of an additional sentence added to the end of the present subsection (a) of the rule."

Casualty Index Up

The upward trend of casualty stocks continued during the month of April, while the Fire Index declined fractionally, according to the Insurance Stock Index prepared by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of the Index, and current memorandums on American Reserve Insurance Company, Baltimore American Insurance Company, Carolina Insurance Company, General Reinsurance Corporation, Georgia Home Insurance Company, Gibraltar Fire & Marine Insurance Company, Pacific Indemnity Company, and Preferred Accident Insurance Company, which offer interesting possibilities at the present time, according to the firm, may be had from the Insurance Stocks Department of Mackubin, Legg & Company upon request.

ADVERTISEMENT ADVERTISEMENT

THE BALTIMORE AND OHIO RAILROAD COMPANY

SUMMARY OF ANNUAL REPORT FOR THE YEAR 1942

The annual report of the President and Directors covering operations of the Company for the year 1942 is being mailed to its stockholders.

RESULTS OF OPERATIONS

The audited income account of the Company for the year 1942, as compared with 1941, is summarized as follows:

	Year 1942	Year 1941	Increase Over 1941
Railway operating revenues	$306,254,193.49	$227,503,021.56	$ 78,751,171.93
Railway operating expenses	204,241,198.76	160,918,417.51	43,322,781.25
Net railway operating revenue	$102,012,994.73	$ 66,584,604.05	$ 35,428,390.68
Railway tax accruals (incl. Fed. inc.)	25,054,012.87	15,780,105.71	9,273,907.16
Railway operating income	$ 76,958,981.86	$ 50,804,498.34	$ 26,154,483.52
Equipment and joint facility rents—Net debit	7,400,263.88	4,507,373.81	2,892,890.07
Net railway operating income	$ 69,558,717.98	$ 46,297,124.53	$ 23,261,593.45
Other income	8,670,683.14	8,306,748.01	363,935.13
Total income	$ 78,229,401.12	$ 54,603,872.54	$ 23,625,528.58
Miscellaneous deductions from income	1,685,984.95	2,004,180.92	*318,195.97
Income available for fixed and other charges	$ 76,543,416.17	$ 52,599,691.62	$ 23,943,724.55
Fixed interest and other charges	19,863,257.08	20,141,033.67	*277,776.59
Income avail. for other purposes	$ 56,680,159.09	$ 32,458,657.95	$ 24,221,501.14
Other interest charges contingent only as to time of payment	11,356,562.50	11,366,775.00	*10,212.50
Audited net income	$ 45,323,596.59	$ 21,091,882.95	$ 24,231,713.64

*Denotes decrease.

This summary does not give effect to an appropriation for capital fund which is deductible from "Income available for other purposes" and before contingent interest charges; to the appropriation from net income for sinking fund; nor to certain adjustments to conform to the provisions of the Modification Plan of Aug. 15, 1938, all of which are dealt with fully in the annual report.

* * * * * *

There was a net decrease of $11,572,108.85 in outstanding interest bearing obligations made during the year, including $3,000,000 of Cincinnati, Hamilton & Dayton R. R. Co. General Mortgage 5% Bonds which matured June 1, 1942.

* * * * * *

The recorded investment of the Company in property used in transportation service as of Dec. 31, 1942, is $1,005,867,783.46 against which depreciation has accrued in the amount of $118,647,600.50, leaving the net recorded value $887,220,182.96.

* * * * * *

Through the medium of a conditional sale agreement three multiple-unit Diesel electric freight locomotives were acquired and placed in service during 1942 and there were also acquired and placed in service 687 new steel freight-train cars. To accommodate increased traffic 50 caboose cars were constructed at Company shops. Four locomotives, two passenger-train cars, 81 freight-train cars, and some work equipment were rebuilt and modernized at Company shops. During the same period 28 locomotives, two passenger-train cars, 173 freight-train cars and some miscellaneous equipment were retired from service because of obsolescence or other causes.

In March, 1942, the Company placed orders for early delivery of 1,000 box cars and 1,000 hopper cars, each of 50 tons capacity, but because of restrictions emanating from the War Production Board this equipment was not allotted to the Company; however, under a directive recently issued by that Board, the Company is permitted to acquire 525 composite hopper cars which are expected to be received some time in 1943.

The Directors of the Company authorized the acquisition of three multiple-unit Diesel freight locomotives and twenty-five Diesel switching locomotives, and it is now anticipated that, pursuant to orders placed with manufacturers, a number of these units will be delivered during 1943. Recently, orders were placed for twenty heavy freight locomotives which have been scheduled for delivery during the closing months of this year.

Ten Diesel switching locomotives were ordered last year for service within the Chicago switching area, six of which were delivered in 1942 and four in the early months of this year, and the acquisition of nine similar locomotives, for service in the Staten Island area of New York City, has been authorized.

* * * * * *

Railway tax accruals, an uncontrollable item of expense, for the year 1942 aggregated $25,054,012.87, an increase over 1941 of $9,273,907.16, or 58.77%, of which $18,065,239.16 is for Federal income, pay roll and capital stock taxes, and the remainder, or $6,988,773.71, for state and local taxes. Taxes for the year absorbed 24.56 cents out of each dollar of net operating revenue and were equivalent to $4.00 and $8.85 per share respectively on Company's preferred and common stock outstanding, on which no dividends were paid and, together with miscellaneous tax accruals, were equivalent to $463.51 per employee.

R. B. WHITE, President

IN DIVERSIFYING YOUR INVESTMENTS

consider the Great Lakes manufacturing area—of which Toledo, Ohio, is the hub.

This conservative institution, with over $11,000,000 assets, invites your investment. Current dividend rate—2½%.

Descriptive circular and statement on request

First Federal Savings And Loan Ass'n of Toledo
335 Erie Street - - - - Toledo, Ohio

FULLY INSURED
up to $5,000 by an instrumentality of the United States Government

INSURED

Assets as of May 1, 1943
$5,550,000

BROADVIEW SAVINGS AND LOAN COMPANY
3344 BROADVIEW ROAD CLEVELAND, OHIO

Corporate Accounts Invited

THE
UNION SAVINGS
& LOAN COMPANY
FOUNDED 1891

232 Superior Avenue N.E. Cleveland, Ohio
Resources Exceed $4,600,000

Ohio Savings And Loan Associations Occupy Leading Place In Field; Authors Of Innovations

By W. MEGRUE BROCK

President, Ohio Savings and Loan League

Ohio, fourth in wealth and fourth in population among the 48 States, proudly occupies the number one position in the savings and loan field, with its nearly 700 progressive thrift and home financing institutions and more than $975,000,000 in total resources.

The founding of the savings and loan movement in Ohio goes back to Civil War days. It was a logical time for the birth of these institutions. Practically no home construction had been done during the years of the terrific struggle between the States. With the ending of the war, thousands of returning soldiers found that they could not obtain sufficient credit from the existing financial institutions to build homes for a new start in life.

W. M. Brock

As the clamor and demand for houses increased, a group of citizens in Delaware, Ohio, on February 20, 1867, incorporated the Delaware Building Association, forerunner of the growth in Ohio of a mighty new thrift and home financing movement.

During the quarter of a century preceding the beginning of State supervision in 1891, the savings and loans experienced a mushroom growth, with some 1,548 associations organized and 700 of them actually in existence as of that date. The great fluctuation in the number of existing building and loans in any one time was due to a unique terminating plan of operation under which they were organized in the early days. Later the serial plan of operation, which became so prevalent in other parts of the country, followed—but never developed great popularity in Ohio. If not actually the birthplace, Ohio at least can lay claim to being the developing ground for what is popularly known as the direct reduction mortgage, which flourished and grew in Ohio to such extent that its popularity has spread over the entire country and this plan, which calls for steady monthly amortization of both principal and interest, with uniform payments throughout the life of the mortgage, is today in operation in every one of the 48 States.

In the middle 70s, particularly, many associations were organized in Ohio for the sole purpose of group community home building. Back in those days it was exceptional and rare for a bank to pay interest on deposits. Few banks took small deposits from people who wanted to save regularly, and none made a practice of lending on real estate security.

It was in the early 80's, following the panic of 1873, that savings and loan associations in Ohio for the first time began to be more than mere neighborhood societies. People began to demand, following the severe depression, home financing funds and the small saver was also seeking a place to deposit his money where he could secure both safety and a reasonable return for the use of his money. It was under conditions such as these that the savings and loan movement in Ohio began to expand rapidly, under efficient management and an active lending and borrowing market. It was in the late 80's that what has come to be known as the Dayton plan came into operation. This plan subsequently affected savings and loan practises throughout the country. It differed from other plans, then in use, in four main particulars. New members could join the association at any time without paying back dues. Paid-up stock was issued, premiums were entirely abolished, with each member being entitled to borrow money in the order of his application at such interest as the board of directors might set from time to time, and, under the plan, earnings were not only determined and divided semi-annually but when deposited to the depositor's account, were subject to withdrawal the same as money payments. Obviously the significance of the Dayton plan proved to be far-reaching. Its appearance marked a new stage in the development of savings and loan practises and this plan is a primary development in Ohio savings and loan history.

During this period and succeeding years, wide differences in operation, with a diversity in ideas and methods, were followed by associations scattered throughout the state. There was no particular community of interests or interchange of views. This somewhat chaotic state of affairs was becoming more and more vividly reflected in the laws enacted as each succeeding legislature swayed to the pressure of different groups. New laws were repealed and old ones amended by the dozen.

It was in 1888, and as a direct result of conditions just described, that a need for statewide leadership in the business became clearly apparent. This need was crystallized in Dayton on February 22, 1889, when the Dayton Building Association League was organized, with Judge Ambrose Winters (generally credited with conceiving the Dayton plan of operation) as chairman and H. F. Cellarius, Cincinnati, secretary, who later became and is to this day the honored and revered treasurer of the United States Savings and Loan League.

As a direct result of the organization of the first Dayton League, the Ohio Building Association League was organized in Columbus, Aug. 15, 1889. Only 40 associations were represented in the original meeting, with Judge Winters again presiding and Emery R. Hiett, of Toledo, as first secretary. Founding officers of the Ohio Building Association League (the title later being changed to the Ohio Savings and Loan League) were: President, A. A. Winters, Dayton; First Vice President, Henry Stueve, Cincinnati; Second Vice President, Honorable Duncan S. Dow, Bellefontaine; Secretary, Emery R. Hiett, Toledo, and Treasurer, L. M. Studevant, Sidney. The Executive Committee consisted of A. A. Winters, Dayton; Emery R. Hiett, Toledo; John A. Whitaker, Cincinnati; A. H. Noah, Akron; T. G. Bristor, Mansfield; K. V. Haymaker, Defiance; and James M. McKay, Youngstown.

No compendium of savings and loan activity in Ohio would be complete without a few highlights from the legislative activites of the League, which became tremendously influential in safeguarding savings and loans, not only in Ohio but in our national Congress as well, in subsequent years. When the Corcoran Act, setting up state supervision over Ohio savings and loan operation, was before the Legislature in 1891, an attempt was made in the Senate to deprive building and loan associations of the right to receive and pay interest on deposits as had been the practise of Ohio associations since the passage of the original law of 1868.

Furthermore, during the passage of the Corcoran Act, so many hostile amendments were offered that Judge Winters, who was leading the fight in behalf of the measure, had tremendous difficulty before finally securing its passage. It may be said that the passage of the Corcoran Act was one of the first pieces of legislation secured under the direct sponsorship of the Ohio League. It was this same Corcoran Act which brought associations, located in other states but doing business in Ohio, under the same practises as local associations.

The associations from outside the state, in those days, called "nationals," had a legislative representative in Columbus who, after the fight was over, wrote an article in one of the "national" journals in which he said "the concerted efforts of the Ohio locals' league against us resulted in an exclusion act being passed, which is without its kind in the annals of American legislation."

The Ohio League succeeded in preventing any material amendments to the Corcoran law for some 16 years following its passage, at which time the Legislative Committee of the Ohio League was itself directed in 1907 to prepare a re-codification which contained many of the provisions and privileges still in effect.

No substantial changes were made in the building and loan laws for another 15 years until, in 1923, the passage of the King Law afforded such important changes as requiring the approval of constitution and by-laws by the state superintendent, the abolishing of initiation fees, forbidding payments of commissions on sale of stock, and prohibiting branches unless specifically authorized, and several others.

Back in 1911 the Ohio League made a notable demonstration of its ability to combat unfavorable legislation when it defeated an effort to force building and loan associations to return under oath to the County Auditor for taxation purposes, the amount of the reserve and undivided profits funds, together with a full list of names and residences of shareholders and depositors and the amounts of their credits. During this controversy, the State League

(Continued on page 1966)

Treasury Seeks 50% Bond Sale Increase

The United States Treasury will now seek to sell $600,000,000 of war savings bonds each month under payroll deduction plans, instead of the present $400,000,000 by this method, Ralph G. Engelsman, Director of the Treasury's payroll savings division, told 300 volunteer members of the New York War Savings Staff on May 17. Mr. Englesman estimated that more than 26,000,000 persons are now buying war bonds through payroll deduction plans.

OUR
52ND
YEAR

ECONOMY SAVINGS
& LOAN COMPANY
42 E. GAY STREET
COLUMBUS, OHIO

THE SCIOTO BUILDING AND LOAN COMPANY
61 East Gay Street
COLUMBUS, OHIO
Incorporated 1910

Total Assets
May 15, 1943
$2,210,000.00

Total Reserves
May 15, 1943
$212,000.00

Member Federal Home Loan Bank System

TRUSTEE INVESTORS

INSURED

. . . concerned with safety of their own or clients' funds, are invited to investigate the investment facilities of this Federal Savings Association serving one of the nation's most highly industrialized areas . . . Established 1921 . . .

Assets:
Over $5,000,000.00

CITIZENS FEDERAL
Savings and Loan Association *of Cleveland*
1876 East Sixth Street
Cleveland, Ohio

The
BUCKEYE
Loan & Building Co.

Capital $5,000,000

Growth in Assets
1920 $200,000
1930 1,000,000
1943 2,306,000

1302 MAIN ST.
CINCINNATI
OHIO

Management Conference Studies Savings-Loan Problems

Finds Problems Facing The Industry Much The Same As Those Of Business Generally

By CARL F. DISTELHORST

Asst. V.-P., United States Savings and Loan League

Two hundred and twenty-five representatives of the nation's savings building and loan cooperative banking system in 35 States met in Chicago in mid-May for their annual Management Conference and found that their individual attacks on today's problems are pretty generally those of the business as a whole. Unanimity on such programs as increased investment in Government Bonds was obvious. Disparity in opinions about the future was more evident among the conferees than any diversity of practice in the present. Operators of institutions ranging from $2,000,000 to $57,000,000 in assets sat in the four conferences into which the group was divided and there was an overall sense of their determination to keep on lending money either to Uncle Sam or to home-buyers, to take the money that is offered them for investment in apparently undiminishing amounts, and to keep reserve and liquidity positions at unusual highs. Presiding officers of the four groups were John F. Scott, St. Paul, Minnesota, who is first Vice President, United States Savings and Loan League; George B. Campbell, San Jose, California, District 8, Director of the League; George W. West, Atlanta, Past President of the League; and W. W. McAllister, San Antonio, Texas.

Carl Distelhorst

Some highlights of the opinions of these men show how the war economy has made them change their approach to their jobs without disrupting the traditional savings and loan refusal to get excited about supposed-to-be crises. The advantage of a grass-roots position in the American economy, which benefit is enjoyed to a singular extent by these thrift and home financing institutions, always shows up best when the nation is confronted by today's kind of situation.

Many managers felt that even after Victory they would continue to buy government bonds as permanent investments of the associations alongside their monthly-repayment, long-term home loans. And practically all of them thought they would keep adding Governments to their portfolios for the duration. Their estimated increase for the six months of 1943 in volume of Government bonds held was 69.7%, so that they would have about 12.2% of their assets in Government securities by June 30. This is an amazing development when one realizes that most savings and loan institutions had no bonds at all at the time of Pearl Harbor. Of those associations represented at the Conference, the most frequently reported percentage of bonds held to total assets at the present time is 10 to 15%.

Repayments on loans ahead of scheduled monthly amortization are a marked characteristic of 1943. No manager objects to this process of improving his loan portfolio by decreasing the amount outstanding in proportion to the value of the property, but it has increased their problem of finding outlets and thus enhanced the desirability of government securities as a savings and loan investment.

More time was spent on the lending side of the business than any other conference subject. Faced with an increase in the price levels of real estate which reflects the inflationary trends in the past three years' defense and war economy, these savings and loan operators know that they have to lend more on a property now than they would have loaned three years ago, or they will not have a ghost of a show against competing lending agencies. That is only one half of the story, however. Faced with the necessity of lifting their sights a bit in their judgment of property values the association operators have been devising ways of placing additional safeguards around the loans made under these circumstances.

Generally the methods of safeguarding embody one or more of these devices: (1) accelerated amortization of the principal of the loan in the earlier years so that when and if the deflation in values comes the loan will be paid down sufficiently to take care of that contingency; (2) requests of additional collateral from the borrower over and above the mortgage on the property, including such collateral as life insurance policies, stock or bondholdings, or associations' pass books; and (3) keeping the appraisal of the property to be loaned on at least six months behind the market levels of real estate values. With these alternate safeguards for today's inherent lending risks, the associations are applying their usual scrutiny of the personal risk and especially in the case of a rapidly stepped-up income for a borrower in a defense area, the personal credit risk is customarily based on the credit rating of the applicant before the inflated payrolls became customary in the community.

Other conclusions which the conference prompted were the fact that all associations without exception are aiming at higher reserve ratios in order to be prepared for any emergencies which they think are more likely to come with the ending of the War than during its continuance. As for wartime measures associations which last year emphasized to their borrowers the need for carrying War Damage insurance under the Government plan, are planning this year to use the same persuasion on their borrowers to renew it under the plans recently announced by the board of the War Damage Corporation. These are mainly the cities in coastal regions. It is noteworthy that some of the institutions were reported to be absorbing part of the cost of this insurance although it did not seem to be general practice.

The associations represented at the Chicago Conference held about one-fifth of the total assets of associations in this country and therefore should constitute a reliable cross-section of today's thinking on the part of operators from all over the country.

Savings and Loan Institute Marks Fifteenth Graduation

Institute Has Developed Ever-Extending Curriculum Many New Chapters Each Year

By DOUGLAS C. VAILE

Director of Education, American Savings and Loan Institute

Saturday will mark the 15th anniversary of the first class of savings and loan executives and junior executives to graduate with Three-Year Diplomas from the American Savings and Loan Institute. A group of ten, seven of whom are still active in New York savings and loan circles, was graduated on May 29, 1928, at a ceremony at the St. George Hotel, in Brooklyn, after studying the standard three-year course prescribed by the national savings and loan educational organization. The Institute began in 1922 but its New York Chapter, the 18th to be founded, presented it with its first Graduating Class. Pioneering by this class has resulted in the granting of some 1,100 Three - Year Diplomas by the Institute in 71 cities in the past 15 years, creating for the first time in the 112 years' history of this business a body of trained people whose knowledge of the operations and purpose of the savings and loan type of institution assures progressive approaches to the program of this business in the future.

D. C. Vaile

In those fifteen years since the first class graduated the Institute has developed an ever-extending curriculum and practically every year it starts one or two new chapters in cities where this direct educational work for the savings and loan personnel has not previously been available. This May and June will see the addition of some 100 to 125 to the alumni group, the Three-Year Diploma Holders.

Charles L. Plumb, New York City who was a member of that first Graduating class in 1928, is now national president of the Institute. Among other Institute Graduates who are on the Executive Council of the United States Savings and Loan League are Fermor S. Cannon, Indianapolis, Immediate Past President; James Clawson, Muncie, Indiana; Roger W. Nutt, Boston, Massachusetts; E. Clinton Wolcott, Rochester, New York; Henry N. Stam, Paterson, New Jersey; Ralph R. Crosby, Providence, Rhode Island; Philip Lieber, Shreveport, Louisiana; Clarence T. Rice, Kansas City, Kansas; George W. West, Atlanta, Georgia; L. H. Allen, Houston, Texas; G. VanderEnde, Berkeley, California.

The American Savings and Loan Institute is now in process of compiling a directory of its Three-Year Graduates, the first ever to be made available to the savings and loan business and to the financial world in general. It will contain brief sketches of these men and women who have this outstanding preparation for leadership in a growing business which bids fair to have its greatest opportunity in the post-war period.

Eight years ago this organization awarded its first diplomas for more advanced work in the study of the savings and loan business, the Graduate Diplomas, and there are now 464 with this additional training. Their number will be brought up close to 500 by the awards made at current commencement exercises. The directory will also include their names and brief biographical sketches.

FHLB Advances Pass Billion Dollar Mark

The one billion dollar figure has been passed in advances of the 12 Federal Home Loan Banks to their member thrift and home-financing institutions, James Twohy, Governor of the Federal Home Loan Bank System, announced on May 22. Mr. Twohy said that total employment of reserve credit supplied by the regional Home Loan Banks since they were established reached $1,004,504,000 on May 11. Repayments amounted to $917,135,039, leaving outstanding advances at $87,369,000. The advices also point out:

"With a cumulative figure of $141,472,000, the Federal Home Loan Bank of Winston-Salem reported the largest volume of advances by a regional bank. The Winston-Salem Bank serves member institutions in seven southeastern States and the District of Columbia. The Federal Home Loan Bank of Chicago (Ill. and Wis.) was second with $127,581,000.

"Founded in 1932, the membership of the Federal Home Loan Bank System now includes 3,736 savings and loan associations and similar institutions, 23 insurance companies and 22 savings banks—with total assets of more than $5,800,000,000. Geographically, its member institutions are located to serve almost the entire non-farm population of the country. The regional banks grant long and short-term credits to their members, enabling them to meet demands for home loans when in excess of the volume of funds available locally."

Mr. Twohy reported that both the 12 regional banks and their member institutions are now in the most liquid condition in their history. With new home building limited to housing for war workers, outlets for construction loans by members have shrunken recently. However, it is noted they are active in financing the sales of existing houses in crowded cities. This situation, combined with their steady growth in capital, has permitted these institutions to invest heavily in government securities, as a wartime supplement to their aggressive sale of War Bonds and stamps.

It is indicated that the 3,781 members of the System have made a total of approximately $6,700,000,000 in home loans since they became affiliated with their regional Home Loan Banks, including $2,135,000,000 loaned on homes in war industry areas since the summer of 1940. It is estimated that they serve a total of about seven million savers, investors and home-owner borrowers.

A 4 STAR INVESTMENT FOR SAFETY
TESTED MANAGEMENT
AMPLE RESERVES
LIBERAL RETURN
INSURED SAFETY TO $5000
Funds received by 10th of month earn in full from 1st of month
STANDARD
Federal Savings
AND LOAN ASSOCIATION
735 South Olive Street
Los Angeles • MI-2331
Buy War Bonds Here

No Market Fluctuation in this Insured Investment
Legal for Trust Funds in most States
Assets Over $3,000,000
MID KANSAS FEDERAL SAVINGS AND LOAN ASSOCIATION
WICHITA, KANSAS
Financial and operative statements sent on request

St. Paul Federal
Savings and Loan Association
St. Paul, Minnesota
Assets $1,998,872.24
Current Dividend Rate
3%
Write for further Information:
AXEL A. OLSON, Exec.-Secretary

INSURED SAVINGS
Up to $5,000
Money received on or before the 10th earns from the 1st!
3%
Current Dividend Rate
NORTHWESTERN FEDERAL SAVINGS & LOAN ASSN.
823 Marquette Avenue
MINNEAPOLIS, MINN.
"A Friendly Institution"

CITIZENS FEDERAL SAVINGS AND LOAN ASSN.
of Hammond
5272 HOHMAN AVE.
HAMMOND, INDIANA
3% Yield On All Kinds of TRUST and INVESTMENT ACCOUNTS by this 2¼ Million Institution
—JUST MAIL CHECK WE DO THE REST—
All Accounts Insured To $5000

Ohio Savings And Loan Associations Occupy Leading Place In Field;

(Continued from page 1964)

brought its forces to Columbus in special trains and marched in a solid phalanx into the hall of the House of Representatives on the evening of March 15, 1911, and made known its opposition in no uncertain terms. This was probably the most spirited hearing ever heard in Ohio legislative halls.

Time and again the Ohio League has similarly defeated the efforts of those who have attempted to foist harmful legislation upon the savings and loan associations of the state.

The history of the Ohio League is particularly scintillating in its efforts on behalf of the industry on matters affecting national legislation. After the Congress of the United States granted an exemption from Federal taxation to building and loan associations in the Excise Tax Act of 1909, the Commissioner of Internal Revenue sought to give the language of the Act a narrow and restricted construction, which would have deprived associations throughout the United States of many of the benefits to which they were entitled. The Ohio Savings and Loan League again came to the rescue with suits well known in savings and loan history, which were successfully fought in the Federal court, and defeated the restrictive efforts of the Treasury Department.

The League also prosecuted, under its own authority, other cases such as that, which became known as the Cambridge case, where five Federal judges in the United States Court of Claims completely reversed the rulings of the Commissioner of Internal Revenue, which denied associations proper exemptions under the Revenue Acts of 1918 and 1921. This case was appealed to the Supreme Court of the United States by the Government but the judgment of the lower court was affirmed. This was a most important and far-reaching decision because it definitely determined the rights of building and loan associations under the various revenue acts passed since that time, which contain building and loan exemptions in identical language. This is probably the crowning legislative achievement of the Ohio Savings and Loan League.

However, the League has rendered other and far-reaching services to its members down through the years, among which should be mentioned, particularly, the active part the League took in attempting to change Ohio's archaic uniform rule of taxation. In 1925 the League led the fight for classification which, although defeated in that year, laid the groundwork for a successful classification fight in 1929.

Again in the spring of 1941 the League demonstrated its progressiveness by instituting and sponsoring the first state wide industry-selling radio campaign. Scripts for the broadcasts were prepared by the League office and aired three times weekly over practically every station in Ohio until the encroachment of conditions, brought about by the rapidly approaching war, made discontinuation of the program advisable until a more favorable post-war period.

However, much favorable publicity was achieved in behalf of Ohio savings and loan associations and numerous inquiries on the plan were received from association managers and state leagues throughout the country.

Many names have loomed large in Ohio Savings and Loan League annals. No historian, who must confine his efforts to the limited space available for this article, could attempt to pay tribute to all who deserve public recognition for their part in promoting and extending the welfare of the savings and loan movement in Ohio and throughout the nation.

Ohio might be accused of selfishness in claiming such founding fathers as Herman F. Cellarius, Treasurer of the United States Savings and Loan League, and Henry S. Rosenthal, editor and publisher of the American Savings and Loan News, both of whom have for half a century been prominently identified with savings and loan affairs nationally. Ohio has furnished four Presidents of the United States Savings and Loan League, as well as having acted as host for the national convention on four different occasions. The four past presidents include Ferd Bader, Cincinnati (1899); James M. McKay, Youngstown (1911); L. L. Rankin (1918), and J. E. Kinney (1923), of Columbus. In addition, we may well add the name of W. Megrue Brock, Dayton, current First Vice President of the United States League, who will undoubtedly be advanced to the presidency at the next convention.

The significant growth in Ohio League history dates from 1919 when the Ohio Savings and Loan League established permanent offices in Columbus under the direction of a fulltime executive secretary. In 1921 the League established its own publicity department, a unique departure and the first of its kind to be maintained by any savings and loan organization in Ohio. From 1919 to 1931 the assets of United States savings and loan associations grew from $381,000,000 to almost $1,250,000,000. Even after depression shrinkage in values, Ohio savings and loan associations have staged a remarkable comeback and are again close to the billion dollar mark in total resources.

The League points with pride to the fact that in addition to many other achievements, Ohio savings and loan associations are leading all other states in both the purchase of Government securities for their own portfolios and the sale of War Bonds to the associations' membership and the general public.

The League's brilliant executive secretary, Don L. Tobin, is an experienced and able savings and loan counselor, nationally recognized as a leader in the thrift and home financing field. Mr. Tobin started with the League as Director of Publicity in 1921 and was elevated to executive head of the Ohio Savings and Loan League in 1940, at which time Donald A. King, formerly managing editor of the American Savings and Loan News, assumed the post of Director of Public Relations.

WLB Gives All NYSE Employees Pay Raises

The situation in which 384 unionized employes of the New York Stock Exchange were granted a wage increase while 531 non-unionized employees received no higher pay was resolved on May 21 by the Regional War Labor Board in New York with approval of increases for the remaining workers. All of the increases are retroactive to Jan. 1, 1943.

The Labor Board's announcement explained the ruling as follows:

"The new increases range from 33 cents to $12.81 a week for the 531 employees of the Exchange, and of the Stock Clearing Corp., the New York Quotation Co., and the New York Stock Exchange Building Co., all wholly-owned subsidiaries of the Exchange. Average increase per hour is 6.4 cents for quotation employees, 6.8 cents for the building maintenance men, 7.2 cents for the remaining Stock Exchange employees and 15.7 cents for employees of the stock clearing house.

"The complication arose over the issuance of the 'hold-the-line' Executive Order 9328 on April 8, the same day as the first RWLB decision granting pay rises of $2 to $5 a week to floor clerks on the Exchange. As a result of this order, four applications of the Exchange asking similar increases for its remaining workers were frozen.

"On May 12 a directive on Executive Order 9328 by Economic Stabilization Director James F. Byrnes opened a way for approval of the remaining increases to correct intra-company or intra-plant discrepancies.

"In the meantime, a 10-minute unauthorized strike took place on the Exchange floor on May 10, the first in the history of the Exchange.

"Both of the decisions are retroactive to Jan. 1, 1943. Including the April 8 order—an increase of $2 to $5 a week for floor clerks—the total wage increase for the Exchange will be 10.5% over present payroll. This will lift the hourly earnings of the total 915 employees from $1.02 to slightly over $1.12."

Emil Schram, President of the Stock Exchange, appealed to the WLB last month for equal treatment for all employees; his petition was referred to in these columns of May 6, page 1687.

New Security Firms Formed In Increasing Numbers, NASD Reports

CHICAGO, ILL.—New organizations to deal in securities have been formed in growing numbers since last December in contrast with the trend in 1942, when hundreds withdrew from the business, principally because of entry of the owners into military service or war work. This picture of the current situation in the securities business was drawn by Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, Inc., at a meeting of the Board of Governors of the NASD. Mr. Fulton reported that although NASD membership figures show a net decline for the period from December 31, 1942 to April 30, 1943, the period was marked by a steady increase in applications for membership with the result that during the first four months of the year the Association admitted 30 new members with nine applications pending as of April 30, when the Association had 2,221 members. At its peak in 1942, NASD members numbered more than 2,900.

"Entry of new organizations into the business has not as yet been in volume sufficient to offset declines in our membership which occur for a number of reasons, including expulsions, but it has been encouraging that new members and new applications for membership have increased noticeably in recent months," Mr. Fulton said. Another indication of the healthier condition of the business, Mr. Fulton said, was the response of members to mid-year assessment billings of the Association. Normally, he said, a number of withdrawals of inactive members follow receipt of assessment notices. No such exodus occurred this year, he added.

NASD is accumulating a wealth of valuable information on members' business practices through the medium of this year's examination program, Mr. Fulton reported to the Board. This second annual examination of members is now about half completed and the balance of examinations should be completed well before the end of the year, he said. NASD, through its Rules of Fair Practice, has disciplinary power over members' dealings with the public. This year's examination program, Mr. Fulton stated, is primarily concerned with pricing and profit policies of members.

Post-War Rebuilding Of Cities Called Challenge To Private Enterprise

Employment of the Nation's manpower and industrial capacity in work that can "easily involve $25,000,000,000 in work and material in the first few years following the end of the war" is definitely possibly if government will cooperate with private business in rebuilding worn-out city areas, Albert M. Greenfield, Philadelphia, Chairman of the Urban Land Institute Executive Committee, declared In an address May 18 to the Philadelphia Poor Richard Club.

In his remarks to the Philadelphia group, Mr. Greenfield pointed to wholesale reconstruction of urban areas as the greatest civic challenge of the post-war years. "Year after year we have seen our substantial citizens follow each other to the periphery of the city, and there establish newer and newer peripheries," he said. "The process has been continually draining away the civic health and economic stability of the old districts."

The problem of clearing away the dinginess left in the wake of this outward movement was appraised by Mr. Greenfield as "staggering but not insurmountable." The creation of good neighborhood environment in the old areas was cited as the key to its solution. "Good neighborhood environment," he said, "is not created by accident in this age." He added:

"When it is present, it is the result of planning. All of the excellence in construction, in architecture and in landscaping that we can lavish on a single city lot, or even on a single city block, cannot create the livability that is now competing with the districts we must save. This illusive quality of livability is a neighborhood product. If we want to produce it in the old areas, we must rebuild them completely by neighborhoods. The neighborhood has become the real unit in city planning. It offers the only hope for combining the undisputed amenity advantages of small-town living with the equally evident cultural and economic advantages of the metropolis."

The complex nature of building afresh on sites that contain worn-out buildings requires certain cooperation on the part of Federal, State and local governments for land acquisition, in the opinion of Mr. Greenfield. "The monumental task of rebuilding," he said, "is the kind of undertaking that the imagination, inventiveness and daring of American business is especially equipped to do."

The advices from the Institute state:

"The Urban Land Institute proposes that the Federal Government extend its credit to the cities for this type of land acquisition. The Institute proposes no grants or subsidies for purchase of land, but suggests the use of Federal credit over a long period of time with low interest rates, so that this combination of factors may be employed to absorb any discrepancies between the actual price paid for land and the new value put upon it to encourage the type of rebuilding that is actually needed by the community."

Concluding his remarks, Mr. Greenfield urged a three-point program of local action for urban redevelopment, viz.:

"First, sponsorship by municipal authorities, in cooperation with business groups, of State legislation comparable to the recent Maryland Act which authorizes the establishment of municipal land development commissions to acquire land for private redevolpment;

"Second, the preparation of city plans which give full attention to the possibilities of rebuilding specific deterioriated areas in conformity with accepted principles of neighborhood buildings;

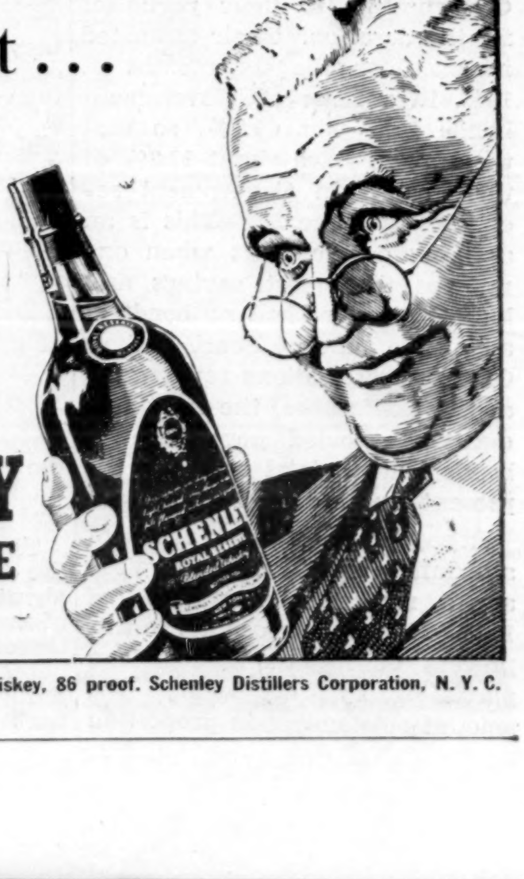
"Finally, the formation of local civic groups to explore the possibilities of urban redevelopment and to engage in public education to that end."

New Magazines Cannot Get Paper Allotment

The War Production Board on May 15 warned publishers and prospective publishers against the issuance of new magazines without permission. United Press advices further reported:

Officials said that increased public interest in world affairs and the technical aspects of the war, such as aviation, radio and chemistry, has prompted many publishers to consider publication of new magazines.

"Any publisher who did not issue a magazine in 1942, the base period, has no allotment of paper for publication," a WPB statement said. "Some prospective publishers have assumed that this limitation order does not apply to them. This is a wrong impression. The decreasing supplies of wood and wood pulp make it necessary to curtail usage by established magazines, which means that a request for an allotment of paper to start a new publication will probably not be granted."



What a treat . . .
I'll save it
for special
occasions!

SCHENLEY
ROYAL RESERVE

60% grain neutral spirits. Blended whiskey, 86 proof. Schenley Distillers Corporation, N. Y. C.

Can The U. S. Support A $300 Billion Debt?

(Continued from first page)

placed in the hands of those agencies, and particularly those individuals representing business groups, who are studying post-war planning. It is about time we got down to earth instead of wasting our energies on high-sounding theories that are impracticable of accomplishment.

I am sure that more such fine articles on this subject will be of constructive benefit at this time.

WILLFORD I. KING
Professor of Economics, New York University

As I see it, one of our most fundamental postwar problems is the retirement of the Government's debt to the banks, and until this is done, the country cannot be put upon even a reasonably safe basis. Professor Saxon's article is therefore very timely.

Wilford I. King

Dr. Anderson has also done a fine piece of work in exposing the absurdities of the Keynes-White plan for an international banking system. He has extracted from the maze of camouflage the fact that, in essence, these plans are nothing more nor less than devices for turning over the assets of the people of the United States to other nations. If Congress comes to understand that this is the only reason for these plans being proposed, enthusiasm for their adoption is likely to wane.

W. W. GASSER
President, The Gary State Bank, Gary, Ind.

I think there is some very sound thinking forwarded by Mr. Saxon. There are some things, however, that I cannot quite agree with him on. First, I cannot agree that $75,000,000,000 will be salvaged on lend-lease, from governments' debts to us, etc. No foreign government except poor little Finland even attempted to pay their indebtedness caused by World War I. How can we hope for any better treatment in this war?

Second, Mr. Saxon thinks we will have a post-war national income of from 100 to 150 billion dollars. I cannot see any such income at all unless we have a big dose of inflation. Our present national income, in my opinion, is greatly enlarged by federal spending. When we begin to live within our income and stop squandering the taxpayers' money, I very much doubt if we can maintain a healthy national income of over 75 billion dollars per year.

I quite agree with Mr. Saxon that the Federal tax structure must be revamped to secure a larger yield from the lower income groups. Whether this can be done or not in the face of an antagonistic Government and in the face of the redistribution of wealth idea on the part of politicians, is very doubtful.

I very much doubt if American industry can hold its own in the coming years. Hostile Government on one side and uncontrolled unions on the other are badly crippling American industry and business.

I am one of the old-fashioned individuals who believes we can not spend ourselves to prosperity. I believe wealth comes only from production. I believe in low-cost mass production. I believe you can not enrich the poor by destroying the rich. I believe our standard of living can be raised in only way—by thrift, economy, hard work, more hours of labor, and this applies to the national economy as well as to the individual.

GEORGE V. McLAUGHLIN
President, Brooklyn Trust Co.

As I understand it, Dr. Saxon's thesis is that a post-war debt of $300,000,000,000 can be serviced and repaid without devaluation—not necessarily that it will be. It appears to me that the post-war public debt will not be paid off during the lifetime of anyone now living, but rather that it will be kept alive by refunding the various issues as they mature.

G. V. McLaughlin

I think the rise in the general price level resulting from the war will probably make the servicing of this debt considerably easier than would have been the case on the basis of 1940 prices. The huge volume of currency and bank deposits created and yet to be created out of war financing would seem to insure a considerably higher general price level than that which existed prior to 1941.

HAROLD L. HARSCH
Vice President and Cashier, The First National Bank of Peoria, Ill.

I believe this is a very well written article and if the debt and its problems are not handled in a careful and conservative way, we certainly will run into the worst kind of troubles.

Disclose Effect Of Renegotiation On Earnings, Schram Urges

Emil Schram, President of the New York Stock Exchange, suggested earlier this month, in a letter to the heads of corporations having securities listed on the Exchange, that they inform stockholders of the results of any renegotiation proceedings and the effect that the adjustment may have on their operating earnings.

Mr. Schram's letter follows:

"Because it is desirable to release the results of operations to stockholders as soon as possible after the close of the year, the earnings of a number of companies were reported as subject to the renegotiation provisions of the National Defense Appropriation Act.

"Due to the great current interest in the results of renegotiation proceedings and the effect that the settlements may have on the operating figures, we feel sure it is your intention to keep stockholders currently informed and we would suggest that, upon completion of these proceedings which affect a previously published earnings statement, a notice be sent to stockholders as soon as the revised results of operations have been determined. The extent and scope of such a notice would depend upon the circumstances in each individual case. If the change in earnings is relatively small, a brief notice would still appear desirable in order that the stockholders may have a complete understanding of the financial effect of the adjustment which has taken place."

A Gold Standard Based Upon Gold Bullion

By WILLIAM T. SKINNER
Normal, Ill.

I have read with much interest the article by Dr. Kemmerer on "The Future of the Gold Standard" and also the discussions by others which have been provoked by his article. In the article entitled "International Currency," by Dr. Stewart Iglehart, much emphasis is placed upon "honest money." It seems to me that in much that is said about money there is implied certain conceptions of the nature and function of money. These conceptions show that the writers and speakers have in mind the orthodox theory of money taught in most textbooks before World War I.

Mr. Iglehart evidently regards the gold standard as essential to honest money. I think that many students of money are beginning to realize that gold is not as essential to a sound monetary system as it was once thought to be. Any monetary system must necessarily be managed to some extent by government regulation.

I am of the opinion that the United States is in a position to make the American dollar an international currency. Perhaps what I have in mind is what W. W. Aldrich suggests in his proposal concerning the "free dollar." He does not discuss his proposal sufficiently to make clear what he means. There seems to be quite general agreement that gold must be made the basis of any international system which may be adopted. This is because of the idea that a monetary standard must have intrinsic value. Financiers and economists have generally believed that sound money must have intrinsic value or be redeemable in money which has intrinsic value.

The gold standard used to mean that the monetary unit was a gold coin containing a certain number of grains of gold. In recent years we have had various modifications of the gold standard. If the gold standard means the redeemability of all our money in gold coins then the United States is not now on the gold standard. But if a country is on the gold standard if its money is in some way based upon gold then the United States is still on the gold standard.

Here is my plan for making the American dollar an international monetary unit. I am in favor of a gold bullion monetary system. There is no good reason why gold should be coined at all. The essential feature of a gold standard is that whatever money is issued as a circulating medium it must be redeemable in gold—not gold coins but just gold bullion.

This feature of redeemability can be brought about by the government being both a buyer and a seller of gold bullion. If the government will both buy and sell gold at a fixed price it will establish the value of gold in the circulating medium. If the government will either buy or sell 15 5/21 grains of gold for one dollar of the circulating medium, it fixes the price of 15 5/21 grains of gold at that price.

The price of gold should be so regulated that there is a demand for gold in the commercial and industrial world. This is for the purpose of maintaining the value of gold on a commercial basis. If at the price of one dollar for 15 5/21 grains of gold there are no buyers, then the price of gold is too high. There should be some government authority established to raise or lower the content of the gold dollar in order to make the government both a buyer and a seller of gold. That is the law of supply and demand should operate in regard to gold just as it operates with any other commodity. There need not be any fear that this change in the gold content of the gold dollar would make the circulating medium unstable. Any change would be so slight that it would not disturb business in any way.

The gold bullion standard simply requires that the government by law should make a certain number of grains of gold a monetary standard unit for its monetary system. It should also buy and sell gold at the price of one dollar of its circulating medium for that number of grains. The circulating medium should be redeemable in gold bullion through the regular process of buying and selling.

If the United States should establish its monetary system on a gold bullion basis, how would that make the American dollar an international currency? To be an international money, money must have international value. Gold has international value. By that I mean it is a commodity that has value everywhere. The American dollar when based upon gold bullion will be recognized internationally because it has a real gold basis.

If the United States becomes both a buyer and a seller of gold bullion, other nations can obtain gold by selling to the United States some of their own products receiving dollars which can be exchanged for gold bullion. For example, if Brazil desired to obtain gold bullion, the government of Brazil could buy coffee of its producers and sell that coffee to United States importers for dollars with which it could buy gold bullion from the United States government.

The world will not return to any gold standard until there is a wider distribution of gold among the different nations. As long as the United States maintains a monopoly of the gold supply, it is to the advantage of other nations to remain off the gold standard. My plan offers the best method for the distribution of gold among the nations. Many of the plans which are proposed for the distribution of gold really are plans for the United States to play Santa Claus and give its gold away. Every such plan is an injustice to every American citizen because when Uncle Sam distributes his gold gratuitously he is giving away what really belongs to the American people. According to my plan any nation could get gold from the United States by giving equivalent value in goods for gold.

Harper Leaves WMC Post

Fowler V. Harper, has resigned as Deputy Chairman of the War Manpower Commission and has accepted a post with the Board of Economic Warfare's Office of Imports. WMC Chairman Paul V. McNutt in accepting Mr. Harper's resignation praised his services in helping to organize the agency.

In the BEW's Office of Imports, Mr. Harper will be in charge of procurement and economic development in occupied countries.

THE EQUITABLE
LIFE ASSURANCE SOCIETY
OF THE UNITED STATES
393 SEVENTH AVENUE NEW YORK, N. Y.

Notice of Nomination of Directors

Notice is hereby given that in accordance with the provisions of the Insurance Law of the State of New York the Board of Directors of The Equitable Life Assurance Society of the United States has nominated the following named persons as candidates for election as Directors of said Society:

JAMES B. BLACK, San Francisco, Cal.
President, Pacific Gas & Electric Co.
JOSEPH P. CHAMBERLAIN, New York, N. Y.
Director, Legislative Drafting
Research Fund of Columbia University
BERTRAM CUTLER, New York, N. Y.
Member Personal Staff, John D. Rockefeller, Jr.
M. HARTLEY DODGE, New York, N. Y.
Chairman, Board of Directors,
Remington Arms Co., Inc.
DOUGLAS S. FREEMAN, Richmond, Va.
Newspaper editor and historical writer
WILLIAM J. GRAHAM, New York, N. Y.
Vice President of the Society
EUGENE P. LOCKE, Dallas, Texas
Counsellor-at-Law
RUSSELL B. LOWE, Fitchburg, Mass.
Manufacturer
EDWIN P. MAYNARD, Brooklyn, N. Y.
Chairman of the Board, Brooklyn Trust Company
LEONARD PECKITT, Allentown, Pa.
President, Warren Foundry & Pipe Corporation
JESSE SLINGLUFF, Baltimore, Md.
Counsellor-at-Law
G. CARROLL TODD, Washington, D. C.
Counsellor-at-Law

A certificate of nomination of the said candidates has been duly filed with the Insurance Department of the State of New York.

The annual election of Directors of The Equitable Life Assurance Society of the United States will be held at its Home Office, 393 Seventh Avenue, New York, N. Y., on December 1, 1943, from 10 o'clock a.m. to 4 o'clock p.m., and at said election twelve Directors, constituting one Class of the Board of Directors, are to be elected for a term of three years from January 1, 1944. Policyholders whose policies or contracts are in force on the date of the election and have been in force at least one year prior thereto are entitled to vote in person or by proxy or by mail.

ALEXANDER McNEILL, *Secretary.*

May 25, 1943.

Industry Has Every Chance To Meet Successfully Challenge Of Post-War Production, Employment

Small Businesses "Grass Roots From Which Business Economy Grows"

American industry has every chance of meeting the challenge of post-war production and employment successfully, if "given a favorable economic climate, given the courage to plan boldly, and given the will to do the job," according to Paul G. Hoffman, President of The Studebaker Corp. and Chairman of the Committee for Economic Development, "because," he said, "the market is going to be there in a big way."

Paul G. Hoffman

In an address at the annual meeting of the National Industrial Conference Board at the Waldorf-Astoria Hotel last night (May 26), Mr. Hoffman said: "It is my studied opinion that after World War II, or more specifically, after the conclusion of the European phase of World War II, American industry will have to attain peacetime production and employment levels which, three years ago, would have seemed fantastic. Its failure to do so would endanger our free society."

He declared that "attacking this task of insuring high-level production and employment gives us as businessmen an inspiring chance—by bold action based on bold planning—to help build a great new world. Americans are fighting and dying all over the world to preserve your freedom and mine. The least we can do is to insure for their return a better post-war world—a world in which your boys and mine may be assured of the most vital security of all—the security of opportunity."

In part, Mr. Hoffman also said:

"Industry must attain a high level of employment quickly after peace comes, because it has been long recognized that too much unemployment for too long is a direct invitation to dictatorship. Perhaps what has not been so clearly recognized is the important fact that, if Government provides too many jobs for too long, the result will be exactly the same, so far as the effect on the maintenance of free society is concerned. Too much unemployment, too much Government employment, either or both, spell death to a free society.

"While we must keep the need for jobs in private industry in the forefront of our minds, only out of high-level production in private industry can we be assured of the kind of jobs that will bring us a high standard of living. High-level employment by itself is not enough. High-level employment alone could be attained very easily if, in striving for that goal, we disregarded completely the reasons for its attainment—a high standard of living and the maintenance of our free society. Industry could easily provide a temporary job for everyone who wants to work by giving up steam shovels and going back to hand shovels, or by adopting a 12-hour week. But it is obvious that these jobs would not last long.

"In my approach to this problem of post-war employment in private industry, you will note I use the term high-level employment, and not full employment.

* * *

"If we are to succeed in our efforts to attain a satisfactory level of employment after the war, we must take off our rose-colored glasses and forget such meaningless terms as full employment. We must be specific, and I propose to be specific when I tell you what I consider to be industry's task in the post-war period.

"In order to arrive at a specific goal, let us go back for a moment to 1940, our last peacetime year. In that year approximately 46,000,000 people were gainfully employed in the United States. Less than 600,000 of them were serving in the armed forces or working in armament production. From an employment standpoint, the situation was not satisfactory. From six to nine million were unemployed.

"By the end of this war year of 1943, it is estimated more than 64,000,000 people will be employed in our working-fighting force—and of this number no less than 20,000,000 will be directly engaged in the manufacture of war goods.

"Leading economists estimate that even when several million women, along with overage and underage men, return to their homes after the fighting stops, we will have to provide regularly something like 58,000,000 jobs, with a normal work-week, to have a reasonably satisfactory situation—58,000,000 as against the 1940 level of 46,000,000. Approximately 2,000,000 of these will be in the armed forces.

"Jobs stem from the output of goods and services. The economists estimate that to provide 56,00,000 jobs our output of civilian goods and services would have to total between $135,000,000,000 and $145,000,000,000 a year. You can appreciate the enormity of the job we face when I tell you that in 1940, when we produced more goods and services than in any previous single year, our gross output totaled less than $100,000,000,000.

"How can private industry achieve the high-level production necessary to provide what we consider a satisfactory level of employment?

"I should like to answer that question by telling you that in the consideration of this problem the men associated with me in the Commitee for Economic Development have come to two main conclusions:

"1. Individual business enterprises must start **now** to plan their own post-war products and post-war markets;

"2. The environment in the post-war period must be favorable to the expansion of enterprise.

"As far as I am concerned, I have no confidence whatever in the ability of any agency—public or private—to make overall plans for our economic system, or for our business program. But I do have the highest confidence in the ability of individual business men to plan for the future of their own businesses. That's why I say individual enterprisers must do this planning for themselves—and I mean all 3,000,000 of them. Only a small part of the necessary job can be done by the approximately 500 concerns which properly can be classified as large employers. The real shock troops of this campaign of bold and intelligent planning by individual enterprise are the smaller businesses and the men in business as individuals who make up the 3,000,000 individual enterprisers in America.

"These small businesses supply many millions of people with their livelihood. They are the grass roots from which our business economy grows—and they embody a vast proportion of that initiative and resourcefulness which is one of America's greatest natural resources. Certainly, it is upon this intiative and resourcefulness that we must rely to find ways to provide the high-level employment which must prevail if the freedoms of business and labor are to survive.

"But the economic environment—the business climate in the post-war world—must be favorable to expansion of enterprise or the soundest of individual planning will come a cropper.

* * *

"I am strongly inclined to believe that a few conditions must characterize any economy in which free enterprise is to remain the structural base. Among them are:

"1. There must be a restoration of rewards for risk-taking on the part of business and industry. Our tax laws must be so revised as to stimulate vigorously the entrance of venture-capital into productive enterprises—where jobs can and will be created.

"2. Some solution must be found for the special problems of small businesses. It has been too tough for small businesses to be born of late—and even tougher for them to stay alive. Small business is the bedrock of the free enterprise system.

"3. Both business and government must make every effort to see that competition is put back into the competitive system—to the fullest extent possible. Competition is a stimulant for the enterpriser. Without it his initiative and resourcefulness cannot be brought into full play.

"4. All Americans must recognize that the America of the post-war period will hold an entirely different position in this world of ours than the America of the '30's. Because of the great strides being made in the field of aeronautics all natural boundaries are disappearing rapidly. By the time this war ends every country in the world will be our close neighbor. In the light of this geographical revolution isolationism becomes a thing of the past and, in my opinion, those of us who persist in thinking as isolationists are headed down a blind alley."

Public Utility Prospects Held Encouraging By W. H. Duff Speaking At Mutual Banks Meeting

Public utility prospects, from the investment viewpoint and development of the country, were viewed as essentially encouraging in an address made by W. H. Duff, of Duff & Phelps, Chicago, before the National Association of Mutual Savings Banks.

The benefits of amortized mortgage loans under war conditions were analyzed by Charles F. Chubb, President of the Dollar Savings Bank, Pittsburgh, while the question of granting to all mutual savings banks the privilege of making mortgage loans beyond their State borders was reviewed by Harry J. Landbeck, Vice-President of the Hopkins Place Savings Bank, Baltimore.

In another address, L. A. Tobie, President of the Meriden (Conn.) Savings Bank, discussed the question whether private lending institutions, such as mutual savings banks, should raise the ratio of mortgage loans to conform more closely with standards of the Federal Housing Administration.

Harrison G. Taylor, President of the Savings Banks Association of Massachusetts and Treasurer of the Worcester Five Cents Savings Bank, stressed the cultivation of public good-will as an essential war-time need for mutual savings banks.

The vital necessity for school savings in a time of national emergency was emphasized at the meeting on May 6 by Judge Edward A. Richards, President of the East New York Savings Bank of Brooklyn. Declaring that "school savings perhaps are more important than ever before," Mr. Richards added:

"The generation now in school has been subjected to the theory that the people of a nation may spend its way to prosperity. Great emphasis has been and still is placed upon Government social security for old age. They have heard about the prospects of a provision for $30 every Thursday. For some of them, WPA and other relief programs have brought the only security that they had. Until a year or so ago thousands of boys and girls in our country knew of no other source of family income but relief checks, and no prospect of anything else. At the present time jobs and money are plentiful but, of course, money is not worth so much and may be worth less. After this war comes to an end there is likely to be a great campaign to buy; buy now and pay later; buy upon the instalment plan.

"Now that there is a real family income, more especially it is our bounden duty to do all we can, in all proper ways, to teach the value of thrift and personal economic independence; the value of regular systematic savings against the time of need. One of the best and surest methods of teaching thrift and the value of saving is by the school savings system."

Among other speakers at the meeting were William P. Snow, Jr., President of the Suffolk Savings Bank for Seamen and Others, of Boston, who discussed "How Can We Obtain More Accurate Evaluations?"; Edwin C. Northrop, President of the Connecticut Savings Banks Association, and Vice-President, Waterbury (Conn.) Savings Bank, who surveyed Banking Personal Problems under war conditions, and Walter R. MacCornack, Dean of the School of Architecture, Massachusetts Institute of Technology and Chairman of the Committee on Post-War Reconstruction, American Institute of Architects, whose remarks dealt with building "in the light of post-war reconstruction."

SEC's New Annual Report Forms For Investment Cos.

The Securities and Exchange Commission on May 8 announced the adoption of two new annual report forms under the Investment Company Act of 1940, designed particularly for use by unit investment trusts currently issuing securities and by unincorporated management investment companies currently issuing periodic payment plan certificates. These forms, designated Form N-30A-2 and Form N-30A-3, respectively, are prescribed for use by such companies in filing reports not only under Section 30 (a) of the Investment Company Act of 1940 but also under Section 15 (d) of the Securities Exchange Act of 1934, thus eliminating duplicate filings under the two Acts. They supplant Form 2-MD insofar as that form is applicable to these types of investment companies.

The Commission's announcement added:

"The forms are designated to bring up to date, as of the close of each fiscal year, the information originally furnished in registration statements filed under the Investment Company Act. Most of the items of the forms are required to be answered only if some change has occurred during the fiscal year in the information previously furnished.

"Reports on Forms N-30A-2 and N-30A-3 must be filed within 120 days after the close of each fiscal year of the registrant. However, a registrant required to file an annual report on either of these forms for any fiscal year ending on or before February 28, 1943 need not file such report prior to June 30, 1943.

"In connection with the adoption of Forms N-30A-2 and N-30A-3, the Commission also amended Rule N-30A-2 under the Investment Company Act, Rule X-15D-2 under the Securities Exchange Act and the Instruction Book for Form 2-MD."

ANPA Warns Of Need To Cut Newsprint Use

Newspapers were urged on May 19 by the American Newspaper Publishers Association to bring consumption of newsprint into balance with newsprint production to check the decline of stocks on hand.

In its current bulletin, reporting a 2% increase in newsprint consumption during April, the ANPA asserted that "the situation would not be so serious if newsprint was being manufactured with stocks growing at the mills, but a casual review of all recent statistics shows that mill stocks generally have been going down, and the same thing has been happening with the stocks in the hands of publishers."

The bulletin further said:

"More disturbing than anything else is the fact that the stocks of newsprint on hand in newspaper plants dropped to 52 days' supply at the end of April in contrast with 56 days' supply at the end of March, 1943; 60 days at the end of February, 1943, and 63 days at the end of January, 1943. This supply of 52 days on hand at the end of April, 1943, is in contrast with 54 days' supply on hand at the end of April, 1942.

"Newspapers seem to be heading for an evil day which will come soon if steps are not taken immediately to bring consumption into balance with production.

"Publishers, generally speaking, cannot delay until next week or next month the decision involving use of no more newsprint than they are now able to get, because continued use of newsprint out of stocks will impair ability to meet the unknown developments of the future, certainly until this war is over."

The April increase in newsprint consumption over the same month in 1942 compared with a 5.1% decrease from April 1941 month. For the first four months of 1943 there was a decrease of 2.4%, compared with the like 1942 period and a 5.1% decrease under the same period two years ago.

Chicago S. E. To Change Closing Time

The Board of Governors of the Chicago Exchange at a meeting held on May 21, voted to re-establish 2:00 o'clock p.m. on weekdays and 11:00 o'clock a.m. on Saturdays as the closing time of the Exchange, effective June 1.

In announcing this action, Arthur M. Betts, Chairman of the Board, said:

"The sharply increased volume transacted thus far this year has put a strain on the operating personnel of our members. During recent lean years many member firms had reduced the number of their employees and now further depletions and dislocations have been caused by the war. This action was taken to relieve, to some extent, this condition."

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1941 .... £150,939,354

SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital.....£4,000,000
Paid-Up Capital.......£2,000,000
Reserve Fund.........£2,200,000

The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

Cgo. & Southern Airlines Situation Of Interest

Common stock and common v.t.c. of the Chicago & Southern Airlines, Inc. offer a most attractive situation according to a circular just issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this circular, discussing the situation in some detail may be had from Scherck, Richter Company upon request.

Scarff Serving As Lt. Col.

James G. Scarff, Vice-President and Director of Harriman Ripley & Co., Incorporated, has been commissioned a Lieut.-Colonel in the Army of the United States and has left for active duty in the Air Corps.

Our Reporter's Report

(Continued from page 1956)

The latest such instance involves the decision of directors of the Atchison, Topeka & Santa Fe Railway to call for payment, as of Sept. 1 next, $33,132,000 of that road's California-Arizona Lines 4½ per cent bonds.

This action marks the elimination of the last portion of the road's debt carrying a coupon higher than 4 per cent.

Recognized as a high-grade lien, the disappearance of the issue from the market leaves insurance company and bank bond buyers with no easy problem of replacement, since these institutions have their full share of governments which are about the only type available.

$35,000,000 Stock Offer

One of the largest operations involving the sale to the public of a block of stock hitherto closely held came into sight recently with the filing of the necessary registration covering the projected marketing of 764,500 shares of Gulf Oil Corporation stock.

At current market prices this enormous block has an indicated value of approximately $35,000,000, and represent in part holdings of the Mellon Securities Corporation which had been carried in inventory for some time with a view to eventual sale. The balance consists of holdings of other large interests who are concerned with seeking diversification.

But substantial though the block is, its distribution does not involve any shift of control of the property, since the combined Mellon interests are credited with holding upward of 6,000,000 shares. And no further sales are contemplated.

Middle West Deal

Little interest is apparent in this area in the forthcoming offering of $2,500,000 of fifteen-year 5 per cent bonds of the Interstate Bakeries Corporation, expected to be offered early next month.

The company is well-known through the Middle West, and discussion in market circles here indicates that the bulk if not all of the forthcoming issue will find buyers in that region.

Proceeds will be used in part to retire assumed first mortgage 6 per cent bonds, of the Schulze Baking Company, due in 1945.

Twentieth-Century-Fox Stock

Current report indicates that announcement may be near relative to the sale by Chase National Bank of its holdings of Twentieth Century-Fox Film Corporation stock running close to 700,000 shares.

This stock, which is convertible into the common at the rate of one share for one and one-quarter shares of the junior equity, is selling currently in the open market just above 30.

The bank has been disposing of holdings of stock which accrued to it as collateral for loans over a decade ago.

Mohawk Rubber Attractive

Common stock of the Mohawk Rubber Company offers interesting possibilities according to a memorandum issued by Cayne, Ralston & Co., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. Copies of this memorandum discussing the current situation and including comparative figures for the past five years as well as a balance sheet may be had from Cayne, Ralston & Co. upon request.

Ohio Municipal Comment

(Continued from page 1958)

ment bankers generally has been to show more and more this overlapping debt information. Consequently, there is reason to hope that dealers in Ohio municipals will also eventually adopt such a very commendable practice. With the Ohio Municipal Advisory Council providing this datum (and considerable other information) on practically all Ohio bonds, there is little, if any, reason why we cannot show it on our offerings. Probably the most fundamental reason is simply that investors themselves have not learned to demand this valuable information.

"The Money Changers"

Since the Second War Loan Drive I have had the pleasure of taking a tour around Ohio and talking with many bankers, large and small. One could not help but notice the difficult personnel problems in which every bank finds itself now. Every one was especially busy during the War Loan drive and I, for one, doubt that another such drive could be made successful without the tireless efforts of the banks, both in selling and handling the details of deliveries. On top of all this work, which of course is being handled without protest or grudge, has now been added the important and heavy duty of "ration banking." Suffice it to say that the Lord should certainly punish anyone who calls the bankers "money changers."

Ohio Brevities

(Continued from page 1958)

tioned with the military police at Fort Custer, Battle Creek, Mich. He was with First Boston for over 12 years, nearly all of that time being spent in Cleveland. He was a member of the Bond Club of Cleveland and the Chamber of Commerce. He also was an air raid warden in Hudson, a Cleveland suburb, where his wife resides. He is just a few months under the 38-year-old limit.

John Day, of the company's Boston office, has succeeded Field as manager.

* * *

Captain Charles Andes, formerly a salesman with Wm. J. Mericka & Co., who was commissioned last February in the Marines, has been placed in charge of marine recruiting at Cleveland. He was manager of Mericka's Chicago office in 1935 and 1936. Another Mericka man, Howard Eble, who was assistant vice-president of the company, has been transferred to Camp Crowder, Mo. He was with Mericka's 13 years and was a trader specializing in real estate securities. He is in the Air Force Signal Corps.

* * *

At least seven members of the Cleveland Security Traders Association are at night war jobs in Cleveland plants.

Clem Gunn, of Robbins, Gunn & Co., and Tom Melody, of First Boston Corp., are employed at Warner & Swasey Co., machine tool builder. The remainder are working at the Harris Calorific Co. They are George Placky, of Schultz & Co., Richard Cone of Findley & Co., Walter J. Carey of Robbins, Gunn, Everett King, of Maynard H. Murch & Co., and Roy Bock, of Dodge Securities Corp.

Gurnett With J. S. Bache

(Special to The Financial Chronicle)

BOSTON, MASS.—Edward F. Gurnett is now associated with J. S. Bache & Co., 30 Federal Street. Mr. Gurnett was formerly with Weston & Co. and prior thereto was an officer of Reed & Co. of Worcester.

Northwestern National Ins.
Travellers Insurance

A. M. Kidder & Co.
Members New York Stock Exchange and other leading exchanges
1 WALL ST. NEW YORK
Telephone Digby 4-2525

Insurance Stocks
Comparative analysis with consolidated data and ratios.
Available on Request

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK CITY
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Many fire insurance companies have heavy stock interests in other insurance companies, but which are carried on their balance sheets at substantially lower values than their real worth. The difference between their real worth and the balance sheet value is referred to as a "hidden equity." Furthermore, there are also "hidden earnings" represented by the difference between dividends paid by the subsidiary on the holdings of the parent company and the subsidiary's earnings which apply to these holdings. As a result of this situation, liquidating values and net operating earnings of such fire insurance companies are frequently reported on two bases: viz: parent company basis and consolidated basis. In the latter case the "hidden equity" and "hidden earnings" are combined with the parent company figures and reflect a truer representation of the financial position and operation of the company. Some interesting examples of subsidiary holdings and parent vs. consolidated figures are cited below.

Aetna Insurance Company: owns capital stock of Century Indemnity Co., Piedmont Fire Insurance Co., Standard Insurance Co., Standard Surety Co., and World Fire and Marine Insurance Co.

Agcriultural Insurance Company: owns capital stock of Empire State Insurance Co.

Continental Insurance Company: owns 50% of capital stock of American Eagle Fire Insurance Co., First American Fire Insurance Co., Niagara Fire Insurance Co., and Fidelity and Casualty Co.

Fidelity Phenix Fire Insurance Company: owns 50% of capital stock of American Eagle Fire Insurance Co., First American Fire Insurance Co., Niagara Fire Insurance Co., and Fidelity and Casualty Co.

Fire Association of Philadelphia: owns capital stock of Lumbermens' Insurance Co., and through it 55% of Philadelphia National Insurance Co., also 22% of Reliance Insurance Co. of Philadelphia.

Great American Insurance Company (with Great American Investing Co.): owns capital stock of American National Fire Insurance Co., County Fire Insurance Co., Detroit Fire and Marine Insurance Co., and Massachusetts Fire and Marine Insurance Co., also approximately 90% of Rochester American Insurance Co., 90% of Great American Indemnity Co., 80% of North Carolina Home Insurance Co., and 10% of American Alliance Insurance Co.

Home Insurance Company: owns approximately 39% of Baltimore American Insurance Co., 48% of Georgia Home Insurance Co., 50% of Gibraltar Fire and Marine Insurance Co., 76% of Home Indemnity Co., 19% of Homestead Fire Insurance Co., and 48.5% of National Liberty Insurance Co.

Insurance Company of North America: owns capital stock of Alliance Insurance Co. of Philadelphia, Central Insurance Co. of Baltimore, Indemnity Insurance Co. of North America, National Security Insurance Co., and Philadelphia Fire and Marine Insurance Co.

National Fire Insurance Company: owns capital stock of Franklin National Insurance Co., Mechanics and Traders Insurance Co., Transcontinental Insurance Co., and also 13% of National Casualty Co.

Providence-Washington Insurance Company: owns capital stock of Anchor Insurance Co.

Security Insurance Company of New Haven: owns capital stock of Connecticut Indemnity Co., and East and West Insurance Co.

Springfield Fire & Marine Insurance Company: owns capital stock of Michigan Fire and Marine Insurance Co., New England Casualty Co., Sentinel Fire Insurance Co., and approximately 89% of New England Fire Insurance Co.

It will be noted that many subsidiaries are owned outright, while in other instances either a majority of the stock is held or else a substantial minority. In cases where outright ownership is indicated, this is exclusive of directors' qualifying shares. In the two tabulations below are shown the effects of this ownership, on 1942 liquidating values and earnings.

Liquidating values for the 12 stocks under review average 8.9% higher on the consolidated basis than on the parent basis. Net investment income averages 16.0% higher and total net operating profits 31.1% higher.

The stock whose consolidated liquidating value shows the greatest gain over the parent company value is Great American with 28.4%, while Providence Washington shows the lowest of 2.5%. Aetna shows the greatest gain in net investment income of 45.5%, while Home shows a gain of less than 1.0%. Consolidated net underwriting results are very erratic. Agricultural and Fire Association both indicate greater losses than on a parent company basis, but all the others show improvement. In this connection it must be recollected that 1942 underwritings were badly distorted by heavy marine losses in the early part of the year. As re-

(Continued on page 1970)

INSURANCE & BANK STOCKS
Bought - Sold - Quoted
Analyzed - Reviewed - Compared
Special Bulletin and Booklet Service to Dealers & Brokers.
Trading daily 7 a. m. to 5 p. m. (P. C. T.)
Inquiries invited. Orders solicited.

Butler-Huff & Co.
OF CALIFORNIA
210 West 7th St., Los Angeles
PRIVATE WIRES
New York - Chicago - San Francisco - Seattle
TELETYPE L. A. 279 - L. A. 280

Municipal News & Notes

The North Carolina Local Government Commission created by act of the 1931 legislature to exercise general control over the power of local governmental units to create new debt, and authorized two years later to supervise the refinancing of outstanding indebtedness, has succeeded in reducing to only six the number of subdivisions still in default. The extent of the commission's accomplishments is graphically illustrated in the fact that in 1933 no less than 62 counties, 152 cities and towns and approximately 200 other local units were in default on their obligations. Since that time, refinancing plans have been devised and completed under the commission's supervision, involving nearly $120,000,000 of bonds. Nor does this fact alone tell the complete story, as was recently noted in a summary of the commission's operations by its Chairman, Charles M. Johnson, who is also State Treasurer.

Aside from the complete rehabilitation of the State's local debt structure, the commission also succeeded in lopping off a substantial part of the total debt originally outstanding. This is shown in the fact that as against a grand aggregate of $362,400,000 on June 30, 1932, the comparable total on June 30, 1942, was $289,000,000, despite the issuance of $39,400,000 in new bonds during the period to finance such essential facilities as water and sewerage projects.

The net result of these developments, Mr. Johnson noted, is that "generally, the financial position of our local governmental units is now the best it has been in the history of the State. In view of this position the general assembly of 1943 authorized counties and municipalities to establish capital reserve funds with any part or all of the cash surplus accumulated at the close of the fiscal year.

"The purpose of a capital reserve fund is to permit a local unit to withhold and earmark this money for necessary post-war improvements or for further debt retirement. Properties are rapidly depreciating due to the present lack of available materials and equipment for needed repairs and replacements. The commission advocates use of this authority given by the general assembly wherever practical because it will avoid the necessity of issuing any new bonds for improvements needed after the close of the war.

"Practically no new bonds for improvements are being issued at this time and the necessity for some new issues will naturally prevail. A span of years during which no improvements can be made and the simple fact that extensive improvements cannot always otherwise be financed, unless by excessive tax levy, will give rise to the need of funds from new bond issues. Although capital reserve funds are intended to reduce issuance of new bonds to a minimum, when this time comes the commission's control will extend to limiting these new issues to intelligent financing and to proper maturity arrangements so as to prevent peak loads which have caused trouble in the past.'

Still another member of the commission who has contributed importantly to the success of its efforts is W. E. Easterling, whose position as Secretary has brought him in close contact with dealers and investors in North Carolina municipals. Mr. Easterling performs the vital task involving the placement of both refunding and new issues on behalf of the local bodies and is a stern disciplinarian in all matters involving fiscal operations and procedure.

The Local Government Commission's problem, it is said, was without precedent anywhere in this country. The problem was a complex, three-fold one: some units needed an extension of time for the payment of defaulted and early maturing bonds; some needed to refinance their entire debt with some compromise and reduction of interest rate; others had an accumulated principal so excessive and burdensome that reduction of this principal was the only alternative as a solution. With the refinancing accomplished to date, all counties, cities, towns and districts have been restored to current conditions and are meeting their maturing obligations, except for a few small towns.

Philadelphia's Cash Position Extolled

With receipts from all general fund revenue sources for the first four months of the year running 1.34% above the same period last year, the city was reported to be in a "splendid cash position" by the Bureau of Municipal Research recently.

At the beginning of May the treasury reported a general fund cash balance of $33,993,199.77, according to the Bureau, with practically all bills paid, no temporary or emergency loans outstanding and with the second and third sinking fund installments paid in advance.

The first four months' receipts, totaling $46,083,449.88, amounts to 56.33% of the budget estimate of $81,816,388.96 for 1943, the Bureau reported. Current real estate tax collections, amusement tax receipts and transit company payments, the Bureau stated, all are in excess of last year's income from these sources.

Among the city's income sources and the amounts yielded reported by the Bureau are:

Real estate—$28,781,603.94.
Income Tax—$8,116,988.80.
State liquor tax—$1,645,300.
Transit company payments—$1,464,312.46.
Amusement tax—$461,404.40.

N. Y. City High Tax Burden Due To Utility Operating Deficits

Necessity of meeting operating deficits from tax revenues on all but one of the six major municipally owned and operated revenue-producing utilities is responsible for the inability of New York City to reduce the tax burden on real estate, according to a survey just released by the Institute of Public Administration.

The survey, prepared by Herbert S. Swan, industrial consultant, states that despite the maintenance of real estate valuations for tax purposes at levels far in excess of market values, the city's present unreserved margin of free borrowing power is no more than approximately $153,000,000.

In outlining reasons for the city's present financial situation, the industrial consultant stressed the fact that every one of the six major municipally owned and operated revenue-producing utilities, with the exception of water, shows a current deficit when fixed charges on capital are included in the expense of operation.

If airports, docks, ferries, markets and transit, like water, were placed on a self-supporting basis, a great contribution would be made toward placing local real estate upon a competitive basis as compared with that in suburban communities, Mr. Swan said.

The rapid transist system—with a gross funded debt of $1,149,880,000, or $25,860,000 more than the city's total funded debt on Jan. 1, 1915—is listed as representing the principal single drain on municipal finances. During the current fiscal year debt charges on account of rapid transit involve $56,200,000, $16,000,000 for amortization and redemption and $40,200,000 on account of interest.

VIRGINIA

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS

F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

Mr. Swan emphasized that subsidies this year to five uneconomic municipally operated enterprises are equal to a levy of $20.56 upon every occupied dwelling in the city, whether an apartment or a private home.

Chattanooga, Tenn., Utility Head Cites Large Savings

Chattanooga users of TVA electricity through the city's Electric Power Board have saved $9,000,000 in the three years and nine months that TVA power has been furnished, it was stated recently by S. R. Finley, General Superintendent of the power board. These savings are based on the average cost of electricity in 1938.

The city's purchase of the privately owned power system for $10,850,000 on Aug. 15, 1939, was financed by an issue of revenue bonds. With a regular schedule of retirement of these obligations over a 30-year period, approximately $1,000,000 will have been retired from the income of the electric system by July 1 of the present year, Mr. Finley said. Approximately $1,700,000 from income has been put back into the system in the form of renewals, replacements and additions. The outstanding bonds draw 2.70%, payable semi-annually in January and July.

The Electric Power Board of Chattanooga is an independent arm of the city, administered by a board of five citizens. Its operations are those of a publicly owned enterprise doing business at cost.

At the time the private power system was purchased, a policy was set up of replacing to the city and county governments annually the taxes formerly paid by the privately owned company. These payments required approximately 7% of the board's income since its inception, and, in addition, other tax replacements made by the TVA from money paid in by the board for the purchase of power have amounted to a substantial sum.

As the board has no generating plant, the largest item of its expenses is for the purchase of power—this requiring 42% of the board's income since its beginning. These and other expenses are shown in these percentages of the board's income required for its various expenses:

Purchase of power	42%
Operation expenses	19%
Depreciation	7%
Tax replacement	7%
Bond interest	7%
Retirement of bonds	8%
Additions to system	7%
Surplus	3%
	100%

Texas River Authority Bonds Offered by First Boston Group

A syndicate headed by the First Boston Corp. and Stranahan, Harris & Co., Inc., is advertising today an issue of $21,635,000 Lower Colorado River Authority, Texas, revenue bonds, consisting of a series of 3s, due semi-annually on May 1 and Nov. 1 from 1944 to 1960, inclusive; a series of 2¾s maturing semi-annually from 1961 to 1970, inclusive, and a block of $4,615,000 2½s due on May 1, 1975. The syndicate states that arrangements have been made for the sale of the 3s, due from 1944 to 1953, and these bonds do not constitute part of the offering. The remaining bonds are priced to yield from 2.30% to 2.85% for maturities to and including May 1, 1970; the $4,615,000 2½s of 1975 are priced at 97.50. Proceeds of the financing will be used by the River Authority to redeem an issue of 4s held by the Reconstruction Finance Corporation.

Other members of the underwriting group include: Smith, Barney & Co., Harriman Ripley & Co., Inc., Blyth & Co., Inc., and Lazard Freres & Co. Preliminary inquiry for the bonds indicated strong investment demand in the offering.

Halsey Stuart & Co. Buys Arkansas Bonds

Halsey, Stuart & Co., Inc., New York, has purchased from the Reconstruction Finance Corporation $9,768,000 State of Arkansas highway refunding bonds at a price of 104, it was announced on May 26.

Major Sales Scheduled

May 28

$4,178,000 Alabama Bridge Finance Corp.

Not exceeding 2% refundings, due Jan.-July, 1944-1953.

June 8

$1,500,000 Allegheny County, Pa.

Not exceeding 3% improvement, due 1950-1973. Successful bidder at previous sale was account headed by Halsey, Stuart & Co., Inc.; second high bid named by Chase National Bank of New York and Associates.

June 21

$13,815,000 Imperial Irrigation District, Calif.

Not exceeding 3½% refundings, due 1983.

Share Teletype

CHICAGO, ILL.—Due to priority restrictions, Leason & Co., Inc., 39 S. La Salle Street, have made teletype arrangements on a joint basis with Francoeur, Moran & Co., 39 South La Salle Street. Teletype No. CG 993.

Bank & Insurance Stocks

(Continued from page 1969)

gards total net operating profits on the consolidated basis, Aetna's were 118.2% higher, Agricultural's 39.5% lower and National Fire's nearest average with 27.1% higher.

PARENT COMPANY BASIS

	Net Inv. Inc. ($ Per Share)	Net Und. Profits ($ Per Share)	Total Net Oper Profits ($ Per Share)	12/31/42 Liq. Value ($Per Share)
Aetna	1.91	—0.48	1.43	53.31
Agricultural	4.25	—1.24	3.01	81.23
Continental	2.09	0.40	2.49	39.83
Fidelity-Phenix	2.44	0.03	2.47	41.53
Fire Association	4.09	—1.75	2.34	74.89
Great American	1.18	—0.11	1.07	22.80
Home	1.50	—0.65	0.85	24.71
Insurance Co. of N. A.	3.63	0.03	3.66	73.71
National Fire	2.54	0.34	2.88	76.53
Providence-Washington	1.71	—0.62	1.09	36.23
Security	1.81	—0.01	1.80	44.65
Springfield	4.81	3.57	8.38	128.41

CONSOLIDATED BASIS

	Net Inv. Inc. ($ Per Share)	Net Und. Profits ($ Per Share)	Total Net Oper Profits ($ Per Share)	12/31/42 Liq. Value ($Per Share)
Aetna	2.78	0.34	3.12	62.01
Agricultural	4.51	—2.69	1.82	86.33
Continental	2.19	0.73	2.92	42.33
Fidelity-Phenix	2.57	0.47	3.04	44.86
Fire Association	4.46	—2.26	2.20	79.43
Great American	1.58	0.40	1.98	29.27
Home	1.51	—0.57	0.94	25.81
Insurance Co. of N. A.	4.07	1.73	5.30	79.60
National Fire	3.32	0.34	3.66	80.50
Providence-Washington	1.84	—0.56	1.28	37.15
Security	2.36	0.37	2.73	48.58
Springfield	5.12	4.12	9.24	136.53

Investment Trusts

(Continued from page 1959)

The point we wish to emphasize is that here is an investment company sponsor directing its major sales effort toward the particular offering which, judged by market performance, is least popular in its entire list of 20. The selection was made on the basis of investment judgment rather than sales expediency. It is on that basis that the investment company field is building a sound long-term sales policy.

* * *

"Dollars At A Discount" is the title of Keystone Corp.'s latest case for discount bonds. You may find it as convincing as we did. We quote:

"If it were possible to buy dollars for fifty or seventy-five cents, it would be an incredible piece of good fortune. Strangely enough, such a thing is, in effect, possible.

"Many corporations are able to buy bonds at substantial discounts from par value. Thus, by an expenditure of fifty or sevent-five cents, they are able to cancel a dollar's worth of debt. This policy is being followed actively and aggressively by many companies.

"As the present high rate of earnings caused by our war economy continues—more and more companies are taking advantage of the substantial discounts in bond prices to buy 'dollars at a discount.' One large railroad has received tenders of bonds at prices as low as 38. Many others have retired millions of dollars face amount of bonds at sizable discounts.

"These policies have three direct advantages to the holders of discount bonds:

"1. As the size of the issue is reduced, the floating supply dwindles and appreciation possibilities increase.

"2. As debt is whittled away, the basic quality of the bond is improved, attracting new buyers.

"3. Long-term improvement in basic quality makes future interest payments less of a burden and gives greater assurance of their continuance.

"Since interest comes before taxes, high war-time earnings naturally favor discount bonds. The added factor of improving asset protection through debt retirement—which of itself would make many issues attractive—broadens the opportunity in this field—at least while the supply lasts."

Insured Investment With Liberal Return

The First Federal Savings and Loan Association of Toledo, 335 Erie Street, Toledo, Ohio, have prepared an interesting descriptive circular discussing the advantages of insured Federal Savings & Loan investments, particularly of the Great Lakes manufacturing area. Current dividend rate of 2½% per annum.

J. S. Bache Employees Form 25-Year Club

At a dinner party on May 23rd, 27 employees and five partners of the New York Stock Exchange firm of J. S. Bache & Co., 36 Wall Street, New York City, met to form a Quarter Century Club. The Bache firm, which holds memberships in the New York Stock Exchange and other leading Exchanges, celebrated its 50th anniversary last year. Among the charter members of the club present were Miss Martha Eisner, Miss Gertrude Schoendorf and Christian Schaefer who joined the organization in 1892, the year the firm was founded. Edward P. Goetz, who became associated with the firm in 1897, was also present.

Partners of the firm who are charter members of the Quarter Century Club are Jules S. Bache, founder of the firm, Harold L. Bache, Morton F. Stern, Hugo J. Lion and Walter F. Schultze.

Other partners of the firm were guests of the new club at its first dinner party.

Customers' Brokers Head Urges Adherence To Code Of Ethics

Members of the Association of Customers' Brokers were urged to adhere closely to its code of ethics, despite the pressure of more active markets, by Armand E. Fontaine, President of the Association. The code has been reprinted by the Association with a foreword by Mr. Fontaine.

"Today the public believes, and rightly so," he declared, "that Wall Street has been purged of undesirable elements and practices. For ten years there has been regulation, education and slow attrition in the securities brokerage business. Those firms and individuals who have survived have acquired greater knowledge, experience and consciousness of their responsibilities. We do not wish to see these hard-won gains dissipated."

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an anlysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Company.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Now Barnes & Turley

CHICAGO, ILL. — Barnes & Turley, 120 South La Salle Street, has been formed to succeed the over-the-counter dealer and brokerage business of the Peoples Investment Company. Partners of the new organization are Blanche C. Barnes, Charles E. Barnes, and George R. Turley, all of whom were with the predecessor firm.

R. Hoe Co. Attractive

Common stock of R. Hoe & Co., Inc., offers attractive possibilities, according to a circular being distributed by Aigeltinger & Co., 76 William Street, New York, N. Y. Copies of this interesting circular may be had from Aigeltinger & Co. upon request.

Ins. Stocks Of Interest

An interesting comparative analysis of insurance stocks with consolidated data and ratios has been prepared by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Laird, Bissell & Meeds upon request.

Pity The Poor Draft Board—They Got This

William Groom Leftwich of Leftwich & Ross, Memphis, Tenn., serves on his local Draft Board. One of the registrants could not be located and after sending notices everywhere, the Board finally got the F.B.I. to help out. A little later they received the following masterpiece from the missing registrant:

Dear Local Board:

I guess you got my questionnaire back after such a long time. I left San Pedro in the middle of the night and on a moment's notice, so if I mailed you a Change of Address, I do not remember it. You apparently found that out because the F.B.I. did, they also found out where I was. The day I got the questionnaire I was lit to the ears; I guess I filled it out correctly because I went to the Police Station (A place I always avoid) and someone there helped me fill it out and told me that there was no Notary Public there and that I would have to find one elsewhere. I know that I went looking for one but I guess that there were too many saloons and not nearly enough Notary Publics, because a few days later when I came to I had not only quit my job but the guy who quit with me told me that I had mailed the questionnaire without the N. P.'s signature. About that time I come to realize that I also did not have a crying dime. I not only couldn't mail a change of address but also I couldn't even buy a short beer which I needed very badly. I don't like to be broke so I grabbed myself another job, I am now on the S.S. ————. This ship is under the Panamanian flag so we never know where we are going or when, so I guess my best bet is to give you a New York address. They always know where we are. I guess if you want me you can get me. The Los Angeles police can't even do that. However, if you want me and they get me first, I guess you'll have to wait a year or so while I work out a year's back alimony, you see I don't like to pay alimony either. Wives, beer, alimony, tropical heat, monkeys, jungles, pipelines, police dept., F.B.I., German raiders, rum cokes, draft boards, all this and heaven too, and me without a peso to my name.

Anyway my best address at present is—

This announcement is under no circumstances to be construed as an offer of these securities for sale or as a solicitation of an offer to buy any of such securities. The Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned as are registered dealers in such State.

NEW ISSUE

May 27, 1943

$21,635,000

Lower Colorado River Authority

(TEXAS)

Revenue Bonds

Dated May 1, 1943

Due as shown below

AMOUNTS, INTEREST RATES, MATURITIES AND YIELDS (OR PRICES)

Principal Amount	*Interest Rate*	*Due*	*Yield to maturity*	*Principal Amount*	*Interest Rate*	*Due*	*Yield to maturity (or price)*
$ 210,000	3%	1944 May 1	*	$ 338,000	3%	1958 May 1	2.65%
110,000	3%	Nov. 1	*	345,000	3%	Nov. 1	2.65
111,000	3%	1945 May 1	*	349,000	3%	1959 May 1	2.70
165,000	3%	Nov. 1	*	357,000	3%	Nov. 1	2.70
172,000	3%	1946 May 1	*	357,000	3%	1960 May 1	2.75
240,000	3%	Nov. 1	*	358,000	3%	Nov. 1	2.75
245,000	3%	1947 May 1	*	360,000	2¾%	1961 May 1	2.65
250,000	3%	Nov. 1	*	362,000	2¾%	Nov. 1	2.65
251,000	3%	1948 May 1	*	362,000	2¾%	1962 May 1	2.70
255,000	3%	Nov. 1	*	365,000	2¾%	Nov. 1	2.70
260,000	3%	1949 May 1	*	369,000	2¾%	1963 May 1	2.70
265,000	3%	Nov. 1	*	373,000	2¾%	Nov. 1	2.70
265,000	3%	1950 May 1	*	380,000	2¾%	1964 May 1	2.75
272,000	3%	Nov. 1	*	385,000	2¾%	Nov. 1	2.75
274,000	3%	1951 May 1	*	391,000	2¾%	1965 May 1	2.75
280,000	3%	Nov. 1	*	400,000	2¾%	Nov. 1	2.75
283,000	3%	1952 May 1	*	400,000	2¾%	1966 May 1	2.80
288,000	3%	Nov. 1	*	415,000	2¾%	Nov. 1	2.80
293,000	3%	1953 May 1	*	417,000	2¾%	1967 May 1	2.80
298,000	3%	Nov. 1	*	420,000	2¾%	Nov. 1	2.80
300,000	3%	1954 May 1	2.30%	426,000	2¾%	1968 May 1	2.85
305,000	3%	Nov. 1	2.35	435,000	2¾%	Nov. 1	2.85
311,000	3%	1955 May 1	2.40	435,000	2¾%	1969 May 1	2.85
315,000	3%	Nov. 1	2.45	445,000	2¾%	Nov. 1	2.85
320,000	3%	1956 May 1	2.50	449,000	2¾%	1970 May 1	2.85
325,000	3%	Nov. 1	2.55				
329,000	3%	1957 May 1	2.60	4,615,000	2½%	1975 May 1	97½
335,000	3%	Nov. 1	2.60				

(Plus accrued interest)

**Arrangements for the sale of these bonds have been made and they do not constitute a part of this offering.*

For information relating to the Lower Colorado River Authority Revenue Bonds reference is made to the offering Prospectus which should be read prior to the purchase of any of these securities. This announcement does not constitute an offer to sell these securities in any State to any person to whom it is unlawful to make such offer in such State.

The First Boston Corporation
Stranahan, Harris & Company
Incorporated

Smith, Barney & Co.
Harriman Ripley & Co.
Incorporated
Blyth & Co., Inc.
Blair & Co., Inc.

Lazard Frères & Co.
Stifel, Nicolaus & Co., Inc.
John Nuveen & Co.

Harris, Hall & Company
(Incorporated)
R. W. Pressprich & Co.
Union Securities Corporation

A. C. Allyn and Co.
Incorporated
B. J. Van Ingen & Co. Inc.
Equitable Securities Corporation

R. A. Underwood & Co., Inc.
Smallwood and Company
W. A. Jackson

The War And American Foreign Investments

(Continued from page 1954)

there has taken place an exchange of views with regards to methods of settling all outstanding questions of indebtedness and claims that permits us to hope for a speedy and satisfactory solution of these questions which both our Governments desire to have out of the way as soon as possible.

"Mr. Litvinov will remain in Washington for several days for further discussions."

This apparently is the first indication that Russian debts repudiated in 1918 were again being considered. And, I might add, the source of the information is unquestionable.

To give this story continuity, I'll state briefly that Litvinov returned to Moscow before arrangements could be completed, leaving for guidance a gentleman's agreement initialed by the President and himself. After numerous negotiations, the United States made an offer in 1935 which was rejected and a general misunderstanding regarding the original agreement arose. In 1936 President Roosevelt appointed Mr. Davies our Ambassador to the U. S. S. R. in an endeavor to solve the debt and other economic problems.

This brings us to Exhibit II, the book, "Mission to Moscow," written by the man appointed to the task—Mr. Joseph E. Davies. Please note that the book contains official and confidential dispatches to our State Department as well as a record of his diary and personal correspondence. On pages 353 and 563 we find that Premier Molotov delivered to Ambassador Davies a written proposal for the settlement of the Kerensky Intergovernmental Loan made in 1917 which in turn our Ambassador submitted to our State Department (page 566). As regards the private claims of American citizens, Mr. Davies tells us that in his opinion it would be impossible for the Soviet Government to consider this part of the Russian debt without being obliged to give similar favorable treatment to twenty-seven other different nations under the U. S. S. R.'s general treaty and contractual obligations. He states that as a practical matter this was financially impossible (page 568).

So far, we have an agreement—a misunderstanding of the agreement—an offer to settle in part. The Russian Dollar Bonds have not been mentioned by name and were omitted in the proposal for the settlement of the intergovernmental debts in 1938, but there is little doubt that these bonds were included in the 1933 understanding and that they remain a matter for consideration at some future time.

So we find that Moscow *has* modified her attitude since the original decree of invalidation and that there *is* some question as to whether these securities remain absolutely repudiated at present. Q. E. D.

As to the future, I think that the general treaty and contractual obligations which were previously advanced by the Soviet Union as an excuse for not being able to consider the question of settlement of private claims will to some extent be eliminated by the war. The increasingly friendly relations and lend-lease advances to the U. S. S. R., and the expressed intentions of the United Nations for closer post-war economic and political cooperation, may also be considered as favorable factors.

The Russian debt to the United States is not as great a burden as one would imagine. According to the best available statistics, the total pre-Soviet obligation is less than $300,000,000 principal amount. It is composed of the Kerensky Loan of 1917 amounting to $187,000,000 between the Governments of the United States and Russia; the $11,000,000 National City Bank Loan (1917); and the $75,000,000 Russian 5½% and 6½% Dollar securities issued in 1916 which are listed on the New York Curb Exchange.

Having presented such a favorable picture, I think it necessary for your readers' protection and my own, to state that I have and control substantial amounts of Russian securities. These have been accumulated in the past few years at (I am happy to say) lower than present market prices. I wish it understood that my views on this subject at this time are not intended as a recommendation for the purchase, sale, or retention of these securities. I have no "private" or "inside" information and strongly suggest that those interested in Russians carefully peruse the references mentioned as well as other sources available in order that they may decide for themselves the status of the bonds. My primary purpose in replying to Dr. Winkler is to show that an entirely independent and divergent line of thought exists even between those closely acquainted with the subject.

Taking several other controversial matters in the same order in which they are mentioned by Dr. Winkler, we come to the question of Belgium, France, Denmark, and Norway. As stated, these bonds continue to pay their interest.

I reason that the high quotations of the Belgian, French, and Norwegian securities are probably due to repatriation out of "blocked" funds and to the fact that large amounts of these securities held in Continental Europe cannot now be sold in our market. What better use could these countries find for such funds under existing circumstances?

But after the war—what? Isn't it possible that the balances held here may be withdrawn for reconstruction and rehabilitation purposes? I do not predict that this will happen, but I do say it is a possibility. Present quotations could not go much higher under the best of circumstances, and when we consider that there may be some future risk involved the conclusion seems obvious.

As to Bolivian securities, General Enrique Penaranda, President of the Republic of Bolivia, stated at a press conference held on May 13, 1943, that a Commission had been appointed by his Government to study the foreign debt problem and that it was hoped a report would be given to the Bolivian Congress in August. He indicated that negotiations might then be expected to proceed with bondholders' representatives in this country.

Perhaps your readers will see, in this and succeeding articles by others, the importance of a thorough and individual investigation of all matters pertaining to securities. If so, then my purpose in writing this note to you has been accomplished.

V. H. MARDFIN
New York City

Dr. Winkler's glib observations on "repudiated" Russian bonds seem to me to be interesting solely because of his glibness. As to the merits or demerits of these bonds he offers nothing approaching the concrete—only glibness.

As one who has watched these bonds simmer for nearly 20 years the writer feels definitely that these "repudiated" Russian bonds have a very definite speculative value which the market is endeavoring to appraise. Perhaps, at the moment, a price of 9 is too high, maybe much too high, just as a price of 1 and less in the last couple of years was much too low. Despite the learned Doctor's offhand treatment of Ambassador Davies' reports on the Russian debt situation in "Mission to Moscow," the writer believes any fair-minded speculator will find much on which to speculate in reading carefully the evidence which Mr. Davies meticulously presents. As a speculator—and Dr. Winkler must obviously be one since his metier seems to be confined largely to foreign bond situations and prospects of various countries whose bonds are in default—it must mean something, even to Dr. Winkler, when these "repudiated" Russian bonds can sell in an open, competitive market around 9. This price was a "breakthrough" of a resistance point of about 8 which has prevailed since 1929. In all honesty, "there must be a reason." What it is time only can tell. The writer feels there is much factual and hearsay evidence, particularly in view of an American-Russian rapprochement, to justify some price for these bonds that registers their present approximate speculative worth. But we will confine our further remarks only to Dr. Winkler's one concrete premise, to wit: that these $75,000,000 par of Imperial Russian Government 5½s and 6½s have registered a record appreciation . . . . "despite provisions of a Soviet decree according to which 'all foreign loans, without exception, are absolutely repudiated.'"

In a discussion of the speculative possibilities of these bonds, which the writer published, not recently, but in January, 1933 (Russian recognition came to pass late in 1933), we stated that "the impression maintains in many quarters that the Soviet Government had repudiated all Czarist debts, and that these bonds, therefore, should be considered as worthless," and added: "However, there is much ground for believing that these bonds have a very definite nuisance value and the appraisal of this so-called nuisance value is what makes these bonds speculatively attractive from now on."

We pointed out the sensitiveness of these bonds to rumors and cited a N. Y. "Times" story in the Summer of 1932 which caused an overnight advance in the Russian bonds of 2¼ points—from ¾ to 3. The N. Y. "Times" account had it that the Soviet Government contemplated a huge international 10% loan to enable them to arrange settlements with outstanding Czarist Russian indebtedness all over the world. And it is only fair to Dr. Winkler to say that rumor has been responsible for all fluctuations in these bonds and that rumor will continue to govern their future market behavior. But rumor usually, or often, presages fact. In the discussion referred to, for example, we said in January, 1933, that "it is reported frequently that recognition of the Soviet Government by the United States may become fait accompli before the current year is out." That rumor did develop into fact. And the writer is reasonably certain from the evidence at hand lately that some form of settlement regarding these "repudiated" bonds is better than a speculative possibility.

The following, regarding Soviet repudiation, was contained in an article in the "Nation" by Mr. Louis Fischer discussing the contention that the Bolsheviks have refused to pay Czarist debts:

"The Soviet Government annulled the foreign obligations of the Russian State on Jan. 21, 1918. But since then it has on scores of occasions offered to pay those very obligations. In a letter to the Versailles Peace Conference dated Feb. 4, 1919, Moscow volunteered to 'recognize its financial obligations to its creditors in Entente countries' and to guarantee interest payments on them. Lenin gave Ambassador Bullitt a written proposal for transmission to President Wilson 'to recognize their responsibility for the financial obligations of the former Russian Empire (March 14, 1919).' The Soviet Government officially informed Premier Lloyd George on July 7, 1920 of its willingness to meet Russia's indebtedness to Great Britain. At the Genoa and Hague conferences in 1922 the Russians made concrete suggestions for the payment of Russia's debts. . . . The last statement was made by Stalin to Walter Duranty of the N. Y. "Times" on Dec. 1, 1930: 'We still are willing to do what I said before: get the debt question settled by the payment of an extra percentage on credits or a loan and resume normal relations, as we have done with the rest of the great powers. . . . A debt settlement with America—that is easy enough. It is a comparatively small matter anyway.'"

True, Dr. Winkler, Russia may eventually repudiate these Russian bonds you are talking about, but there does seem to be evidence that repudiation is not as yet a settled matter. The rise of the bonds to 9 indicates that some speculators, foolishly perhaps, figure that the chances are gradually improving that Russia will not repudiate.

New Airline Horizons

(Continued from first page)

picture of air transportation and, perhaps, to curb some of the boundless enthusiasm which seems to have carried away a number of the prophets. We feel this must be done in justice to the public and to ourselves.

There is not a one of us in the aviation industry who can fail to see the immense possibilities which lie ahead on that day when airplanes begin fulfilling their true constructive mission of making a more closely-knit, neighborly and better world.

I have stated, that, carrying statisticians' trends to their logical conclusions, we may expect, within possibly ten years, to see the airlines carrying 40% of all express now carried by rail; 80% of all passenger business now carried in first-class Pullman service; all first-class mail between points where overnight delivery is not possible by surface means of transportation; 33½% of railway coach and inter-city bus passenger travel; 80% of parcel post; 10% of rail "less than carload" freight, and 5% of motor truck "less than truck load" freight.

This would mean an air transport system at least 30 times greater than the existing domestic airline systems and the need for 5,250 airplanes of the type which we expect to be available for transport use immediately after the end of the war, as contrasted with the 350 airplanes owned by the domestic airlines at the beginning of the war.

We must recognize the fact, however, that the airplane of tomorrow will supplement rather than supplant other forms of transportation. We do not hold with the view that the airplane is going to be the "cure-all" for our post-war transportation problems. Rather, we foresee the airliner, the train, the ocean carrier and the bus working together in moving the great range in types of passengers and cargoes which must be transported.

We, of course, foresee a great expansion of airlines internationally as well as domestically. The global operations being carried on today by the airlines under contract for the Air Transport Command of the Army Air Forces, with converted airliners carrying men and materials of war to combat fronts virtually everywhere and anywhere, is but laying the pattern for the vast world-wide network of airways which we will see in regular operation in the Age of Flight. That will be the day when Chicago and Singapore will be only 47 hours apart; New York and Capetown, 39 hours from each other; Washington and Moscow, 24 hours apart, and New York just 17 hours from London.

The air transport users of our pre-war period, coupled with those who have been learning the benefits of air speed during the present war crisis, and the vast number of men who will return from the war with a new conception of the airplane's possibilities, will swell the traffic of the airways to undreamed-of proportions.

Right now, of course, the job of the airlines—like that of everyone else—is that of helping to win the war. Until we have achieved victory, there can be no certainty about any future plans. When that victory comes, as it must, the airlines will be ready to accept the new and far greater responsibilities which will be theirs in the era of world reconstruction.

Electronics

(Continued from page 1954)

sheets of metal, mark defective materials for discard.

It is easy, from this brief summary, to see why the possibilities in electronics have captured the investment imagination. Big things are expected of the science in the post-war period as the result of the huge stimulus provided by the war.

Among the companies which are leaders in electronics are the following in which "Selected" has investments (number of shares indicated): General Electric (7,000); Minneapolis-Honeywell (100); National Cash Register (1,500); Sperry (1,500); Westinghouse Electric (2,000).

The "Selected" shareholders thus participate in this almost "magical" industry. If the industry proves as profitable as some anticipate, "Selected" shareholders will benefit. On the other hand, if the industry should prove more magical than profitable, "Selected" has many other attractive investments to balance it off. This is one of the great advantages provided by a well-diversified investment company.—*From May Bulletin of Selected Investments Company.*

House-Senate Group Agree on Pay-Go Plan

(Continued from page 1956)

windfall provision designed to recover for the Treasury part of any extraordinary increases in income this year or last, compared with normal years.

"The years 1938, 1939 and 1940 were designated as base or normal years. To the highest income of any of those years, the taxpayer would be allowed to add $20,000 (the Senate had proposed $10,000). That total then would be compared with the taxable income for the partly abated year, 1942 or 1943, whichever was the smaller, and the regular income-tax rates would be applied to the difference.

"The compromise provides blanket exclusion of $1,500 basic pay received by military personnel from income taxes, over and above basic exemptions for other taxpayers, making basic exemption for single military personnel $2,000 and for married, $2,700.

"Also, for members of the armed forces, the legislation provides that any tax obligation outstanding at time of death shall be canceled."

The House's rejection of the Ruml skip-a-year plan was noted in our issue of May 20 page 1879. In the same issue (page 1890) the President's opposition to a full year's tax cancellation was reported.

Stallman Elected

R. J. Stallman, formerly of the Wells-Dickey Co., Minneapolis, was elected treasurer and a director of American Gas Machine Co., Albert Lea, Minn., at the recent annual meeting.

100% Reserve Plan Of Commercial Banking Would Inject New Disturbances Into System

Dean Madden Calls Plan Untried, Revolutionary Proposal That Would Fail Of Objective

A bulletin entitled "The 100% Reserve Plan," issued May 24 by Dean John T. Madden, Director of the Institute of International Finance of New York University, states that it was suggested that the 100% Reserve Plan could be used as an effective means of reducing the public debt, which at the end of the war may amount to between $200,000,000,000 and $275,000,000,000. The demands for the introduction of this or a similar plan will undoubtedly be revived in the postwar period when prices and business activity may again fluctuate widely, said the advices from the University, which state:

Dean J. T. Madden

"According to its proponents the 100% Reserve Plan of commercial banking would maintain a stable price level and iron out the swings of the business cycle. They base this claim entirely upon the assumption that if the Government could control the volume of bank deposits, it could keep commodity prices and business activity stable.

"Experience has repeatedly and conclusively shown that the amount of outstanding currency and bank deposits is merely one factor, and frequently a relatively minor influence, determining commodity price movements and the volume of business activity. Since 1933 an expansion of bank deposits of unexampled proportions has taken place, but commodity prices have failed to rise to the desired level until the war effort created a huge demand for commodities and labor accompanied by a sharp reduction in the volume of consumer's goods.

"In view of the demonstrated fact that the level of commodity prices and business activity has not been determined by changes in the volume of outstanding bank credit the 100% Reserve Plan is bound to fail to achieve the objectives of its advocates.

"If this plan were to be adopted, however, it would precipitate profound changes not only in the banking business, but also in other phases of the nation's economic system. The lending powers of the banks would be severely restricted, and many banks would probably be forced out of business. Since demand deposits would have to be held in cash or its equivalent, the banks would no longer be able to render free of charge the many valuable services that the American public in general, and American business in particular, now take for granted as typical of present-day banking. The highly efficient and convenient checking-account system would be jeopardized and in many instances would be replaced by the use of currency.

"Many of the broad economic consequences of the introduction of the 100% Reserve Plan would be particularly unfortunate. The agency entrusted with the administration of the plan would be given the task of varying the volume of currency and bank deposits with the object of stabilizing commodity prices and business. This, of course, would at times necessitate the issuance of large additional amounts of paper money, which would undermine confidence in the national monetary system. At other times, it would have to ration credit and withhold it from many prospective borrowers in order to prevent an expansion in the volume of deposits when prices are rising or business activity is increasing. A politically appointed body vested with such vast discretionary power would be subjected to pressure to provide for the expansion of the currency involving the danger of runaway paper-money inflation.

"The 100% Reserve Plan is an untried revolutionary proposal that not only would not achieve the objectives sought through it, but would inject new major disturbances into our financial and economic system, and curtail the services that the banks render to business, the public and the Government, and would probably exaggerate rather than prevent fluctuations in business. These disturbances would almost certainly lead to widespread popular demands for nationalization of the banks, so that the Government could undo the harm caused through the introduction of this system, and thus pave the way for the adoption of state socialism."

On the question whether the 100% Reserve Plan would produce the desired effects, the bulletin issued by Dean Madden states:

"Commodity prices and business activity are profoundly affected by a number of non-monetary factors, such as the volume of production in relation to consumption, wage rates and other costs, taxes, tariffs, conditions in foreign markets, and the political situation at home and abroad, etc. During the decade of the twenties, for example, the volume of bank deposits expanded steadily, but commodity prices remained relatively stable. Much more conclusive evidence that no definite relationship exists between deposits and commodity prices is afforded by developments from 1934 up to the middle of 1940. Economic developments since June, 1940, have been entirely under the influence of national defense and the war effort. Thus the index of net demand deposits subject to reserves (1926=100) rose to 104.6 in 1929, the rate of turnover of demand deposits in 100 leading cities, excluding New York City (1935-39=100) increased to 187.9 from 156.8 in 1926, while the index of wholesale prices (1926=100) declined to 94.3 in 1929. In June, 1940, the index of deposits was at 171.8, the rate of turnover of deposits was 83.8, while the wholesale price index stood at 77.5.

"Secondly, the price level and business conditions are influenced not only by the volume of bank deposits, but equally by the velocity of turnover of these deposits. Obviously, in so far as existing bank deposits are not utilized to pay for goods or services, they do not influence either the price level or business activity. A small volume of deposits turned over rapidly will have more effect upon prices and business activity than a large amount of deposits not used by the owners.

"The velocity of deposits reflects the willingness of the people to make purchases and embark upon new ventures of all kinds. This willingness to spend, it has been amply demonstrated, does not depend solely upon the volume of money available. The velocity of turnover of bank deposits fluctuates far more widely than their volume.

"Similarly, it can be proved conclusively that no direct relationship exists between the volume of deposits and business activity. During the last few years, prior to the middle of 1940, when the effort began to play a predominant role in the economic life of the country, the volume of adjusted demand deposits has been larger than during the most prosperous years of the twenties, yet, as is well known, business activity has failed to keep pace with the huge increase in the volume of deposits.

"It may be concluded, therefore, that the 100% Reserve Plan would fail to stabilize commodity prices and business activity. If its advocates go further and seek to regulate the forces that determine the velocity of turnover of bank deposits, then the powers of the Government over business in general would have to be materially increased. Only in this way could the Government effectively determine not only how large the volume of bank deposits shall be, but also the extent to which the owners of these deposits may or must use them."

In discussing the effect of the Plan on the lending service of the banks the bulletin has the following to say:

"The extent to which funds available for making new bank loans would disappear under the 100% Reserve Plan may be gauged from the application of this plan to member banks of the Federal Reserve System as of Dec. 31, 1942. On that date all member banks had $78,276,671,000 of deposits, including interbank and public funds, of which $65,435,697,000, i.e., over 83%, were demand deposits. If a 100% cash reserve had to be maintained against demand deposits only $12,840,974,000 of time deposits would have been available for making loans and investments by the savings and loan banks or departments that would be established to take them over. A considerable amount of the banks' capital funds is tied up in bank premises, furniture and fixtures, and other real estate.

"It is by no means certain, however, that even this limited amount would remain available for lending by the banks. A number of large depositors who now keep a part of their funds on time deposit, in order to obtain some interest on their money, would probably transfer them to demand deposits, apprehensive lest time deposits could not be withdrawn from the savings banks without the required notice of intention. Any such shift of deposits from the time to the demand category would further reduce the volume of funds from which loans and investments could be made."

The bulletin concludes:

"There is no real basis for the assertion, repeatedly made by advocates of the 100% Reserve Plan, that the volume of bank deposits could be more properly determined by a Government agency than through the lending and investing activities of the banks, by which they satisfy the credit demands of business and government.

"On the other hand, there can be little doubt that the introduction of this revolutionary plan would have a number of seriously disturbing effects upon business, banking and the well-being of the population of the United States. It would curtail the volume of available banking facilities since a number of banks would have to liquidated their business. Business concerns may find it extremely difficult to obtain loans, particularly in periods of expanding activity. The Government and other long-term borrowers would find the banks on the whole unable to buy their newly issued securities, thus doubtless leading to the creation of new credit agencies that would merely do the kind of business that the commercial banks of the country are now performing as a matter of course.

Both individual and corporate check-account depositors would have to absorb costly service charges, unless they could conduct their business with currency and dispense with numerous services which they have been receiving daily from the banks. Monetary control would be concentrated in the hands of a currency commission, or a Government-owned reserve system, which would have to be given broad powers for issuing fiat currency, subject only to vague and inadequate restrictions. The plan would probably open the way for the ultimate nationalization of banking and for increased control by the Government over business. In times of stress, such as war, the whole arrangement could readily degenerate into crude paper-money inflation, of the kind that developed in a number of European countries after the first World War.

"A number of the basic reforms desired by the advocates of the 100% Plan have already been attained. The bank failure evil has been practically eliminated through bank deposit insurance and the improvement in the quality of the bank assets. The instability of the volume of deposits brought about by sharp increases and decreases in the total of security loans has been brought under control through the margin regulation power of the Board of Governors of the Federal Reserve System. Under these circumstances, there is less reason than ever to give any consideration to so drastic, untried and disruptive an experiment as the 100% Reserve Plan."

Says RR Credit Restored

In a recent address, Patrick B. McGinnis, analyst for Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, stated that "Railroad credit has been restored yet unrecognized." Copies of the address may be had upon request from Pflugfelder, Bampton & Rust upon request.

Boston-Maine Looks Good

Income Mortgage "A" 4½s of 1970 of the Boston & Maine Railroad offer interesting possibilities according to a circular being distributed by McLaughlin, Baird & Reuss, One Wall Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from the firm.

Interesting Situations

The current situation in Standard Silica Corp., Utica & Mohawk Valley Railway, Fort Dodge, Des Moines & Southern Railway, and Consolidated Dearborn Corporation offer interesting possibilities according to statistical analyses prepared by Blair F. Claybaugh & Co., 72 Wall Street, New York City. Copies of these analyses may be had from the firm upon request.

DIVIDEND NOTICES

Allied Chemical & Dye Corporation
61 Broadway, New York
May 25, 1943

Allied Chemical & Dye Corporation has declared quarterly dividend No. 89 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable June 19, 1943, to common stockholders of record at the close of business June 4, 1943.

W. C. KING, *Secretary*

DU PONT **E. I. DU PONT DE NEMOURS & COMPANY**

WILMINGTON, DELAWARE: *May 17, 1943*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable July 24, 1943, to stockholders of record at the close of business on July 9, 1943; also $1.00 a share, as the second "interim" dividend for 1943, on the outstanding Common Stock, payable June 14, 1943, to stockholders of record at the close of business on May 24, 1943.

W. F. RASKOB, *Secretary*

DIVIDEND NOTICES

ELECTRIC BOAT ★ COMPANY ★
33 Pine Street New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable June 9, 1943, to stockholders of record at the close of business May 26, 1943.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. G. SMITH, Treasurer.
May 14, 1943.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable June 30, 1943, to stockholders of record at the close of business on June 9, 1943. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, May 21, 1943.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (50c) per share on the common stock payable July 15, 1943, to all holders of record at the close of business on June 19, 1943.

SANFORD B. WHITE, *Secretary.*

HOLLANDER DYED FURS

A. HOLLANDER & SON, INC.
Common Dividend

A dividend of 25c per share on the Common Stock has been declared, payable June 15, 1943, to stockholders of record at the close of business on June 5, 1943. Checks will be mailed.

ALBERT J. FELDMAN, Sec.
Newark, N. J.
May 24, 1943

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable July 1, 1943, to stockholders of record at the close of business on June 15, 1943. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, Secretary.

JM **Johns-Manville Corporation**
DIVIDEND

The Board of Directors declared a regular quarterly dividend of $1.75 per share on the Cumulative 7% Preferred Stock payable July 1, 1943, to holders of record on June 17, 1943, and a dividend of 50c per share on the Common Stock payable June 24, 1943 to holders of record on June 10, 1943.

ROGER HACKNEY, *Treasurer*

KANSAS CITY POWER & LIGHT COMPANY
First Preferred, Series B Dividend No. 66
Kansas City, Missouri May 19, 1943

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B", Stock of the Kansas City Power & Light Company has been declared payable July 1, 1943, to stockholders of record at the close of business June 14, 1943.

All persons holding stock of the company are requested to transfer on or before June 14, 1943, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, *Assistant Secretary.*

KENNECOTT COPPER CORPORATION
120 Broadway, New York City
May 21, 1943

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on June 30, 1943 to stockholders of record at the close of business on June 1, 1943.

A. S. CHEROUNY, *Secretary.*

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)
Chicago Illinois

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on May 18, 1943, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check June 1, 1943, to stockholders of record as of the close of business May 20, 1943, for the quarter ending May 31, 1943.

N. H. BUCKSTAFF, Treasurer.

UGI

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 10 cents** a share on Common Stock have been declared, payable June 30, 1943, to respective holders of record May 28, 1943.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
April 27, 1943 Philadelphia, Pa.

THE UNITED STATES LEATHER COMPANY

A quarterly dividend of $1.75 per share will be paid July 1, 1943, to all holders of record at the close of business June 10, 1943, of Prior Preference stock of this Company.

C. CAMERON, *Treasurer.*
New York, May 26, 1943.

THE YALE & TOWNE MFG. CO.

On May 25, 1943, a dividend No. 212 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable July 1, 1943, to stockholders of record at the close of business June 10, 1943.

F. DUNNING, *Secretary.*

Calendar of New Security Flotations

OFFERINGS

MERCANTILE PROPERTIES, INC.

Mercantile Properties, Inc., has filed a registration statement for $3,100,000 secured sinking fund 4½% bonds due May 1, 1963.

Address—60 Wall Street, New York City.

Business—Owns two commercial buildings in New York City, each of which is rented to F. W. Woolworth Co.

Underwriting — Principal underwriters are Laird, Bissell & Meeds and Spencer Trask & Co., both of New York City.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds will be used, together with any necessary funds from its treasury, to redeem all of its presents outstanding secured sinking fund 5½% gold bonds in the face amount of $3,031,000.

Registration Statement No. 2-5135. Form S-1 (4-29-43).

In an amendment to its registration statement dated May 17, Mercantile Properties, Inc., gives the offering price to the public on its proposed issue of $3,100,000 secured sinking fund 4½% bonds due May 1, 1963, at $1,000 per unit, plus accrued interest from May 1, 1943, to date of delivery.

The underwriters and the face amount of bonds to be purchased by each are given in amendment as follows: Laird, Bissell & Meeds, N. Y., $600,000; Spencer Trask & Co., N. Y., $600,000; Graham, Parsons & Co., Philadelphia, $300,000; Hornblower & Weeks, N. Y., $300,000; Kidder, Peabody & Co., N. Y., $300,000; Paine, Webber, Jackson & Curtis, N. Y., $300,000; Minot, Kendall & Co., Inc., Boston, $225,000; Tucker, Anthony & Co., N. Y., $200,000; Biddle, Whelen & Co., Philadelphia, $175,000, and Schirmer, Atherton & Co., Boston, $100,000.

Registration statement effective 2:45 p.m. (EWT) on May 19, 1943.

Offered May 20, 1943, at 100 and interest by Laird, Bissell & Meads and associates.

STANDARD STEEL SPRING CO.

Standard Steel Spring Co. has filed a registration statement for 218,962 shares of common stock, par value $1 per share, and subscription warrants evidencing subscription rights in respect of such shares of common stock.

Address—843 Fourth Ave., Coraopolis, Pennsylvania.

Business—In 1941, prior to the entry of this country into the war, the principal products of the company and its wholly-owned subsidiary, included steel automobile, truck and tractor leaf springs, automobile and truck bumpers, steel gratings and treads, universal joints and assemblies, propeller shafts, steel spring parts, etc. Company now processes and fabricates armor plate, produces bomb bodies and has recently undertaken on a small scale the plating of certain aircraft parts.

Underwriting—Kuhn, Loeb & Co. is named principal underwriter. Names of other underwriters: Eastman, Dillon & Co., Goldman, Sachs & Co., and Hemphill, Noyes & Co.

Offering—Holders of common stock of record 3 p.m. May 13, 1943, were offered the right to subscribe to the new common stock at the rate of one-fifth of a share for each share of common held, at $5.50 per share. Rights expired at 3 p.m. May 24, 1943. Unsubscribed stock will be purchased by the underwriters.

Proceeds—Net proceeds from the sale of the securities will be added to the working capital of the company. The company may determine at a later date to apply part of the net proceeds to the prepayment of all or part of a long term bank note due in instalments to Dec. 15, 1951. Unpaid balance as of April 15, 1943, was $845,000.

Registration Statement No. 2-5127. Form A-2 (4-22-43).

Registration statement effective 11:30 a.m. EWT on May 13, 1943.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statcments will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, MAY 31

IOWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for $17,000,000 first mortgage bonds, 3¼% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

Business—Is a public utility engaged in the business of furnishing electric service in Polk County, outside the City of Des Moines and environs, and in 12 contiguous counties in Central Iowa, and furnishing gas service in the City of Des Moines and environs, and in two municipalities in adjoining counties.

Underwriting—Bonds are to be offered for sale at competitive bidding under the rules of the Commission. Names of the underwriters will be supplied by post effective amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Bonds are to be issued as part of a series of interdependent transactions which include the acquisition by Continental Gas & Electric Co. of Iowa Power & Light Co. and Des Moines Electric Light Co. from Illinois Iowa Power Co. Proceeds from the sale of the bonds, together with a portion of funds to be received from bank loans aggregating $2,500,000, will be used to redeem on Sept. 1, 1943, a total of $11,232,000 face amount of the company's first mortgage bonds; to redeem on Oct. 1, 1943, 10,133 shares par $100 of the company's 7% cumulative preferred stock; to the purchase from Illinois Iowa Power Co. of $1,750,000 face amount of general refunding mortgage bonds, Series A, due 1955, and $3,000,000 of open account indebtedness of Des Moines Electric Light Co., $4,750,000; to partial payment for Iowa properties of Iowa-Nebraska Light & Power Co., $1,000,000 and for other corporate purposes.

Registration Statement No. 2-5138. Form S-1. (5-12-43).

TUESDAY, JUNE 1

CERANA APARTMENTS CORPORATION.

Edward J. Crawford, Walter McMeekan and Howard V. Williams, trustees, have filed a registration statement for voting trust certificates for 1,864 shares of capital stock, par $1 per share, of Cerana Apartments Corporation.

Address—Executive office of corporation 70 Pine Street, Room 2305, New York City.

Business—Apartments.

Purpose—The trustees are presently acting as voting trustees for all the issued capital stock of the corporation under a voting trust agreement dated April 24, 1933, which, by its terms, expired March 31, 1943. Under the terms of the voting trust certificates, however, the holders thereof are entitled to exchange their voting trust certificates for certificates of stock of the corporation on Aug. 31, 1942. It is proposed to suggest to the holders of voting trust certificates outstanding that they consent to the extension of the agreement to Aug. 31, 1947. Thus, holders of voting trust certificates, who do not consent, will receive stock certificates in exchange for their voting trust certificates. Those holding voting trust certificates who do consent to the extension, will continue to hold their voting trust certificates subject to the provisions of the voting trust agreement, except to extent provisions are amended in supplemental agreement.

Registration Statement No. 2-5139. Form F-1. (5-13-43).

SUNDAY, JUNE 6

PRESIDENT APARTMENTS CORP.

President Apartments Corp. has registered with the SEC $336,333 of first mortgage 4½% real estate bonds and warrants due July 1, 1955, and certificates of deposit representing $336,333 of first mortgage 5% real estate bonds and warrants due July 1, 1943.

Address — 1630 Boatmen's Bank Building, St. Louis, Mo.

Business—Apartment building.

Purpose—It is proposed to issue certificates of deposit to the holders of the first mortgage 5% real estate bonds and warrants due July 1, 1943, and, upon the consummation of the plan of extension and revision of the bond issue, to issue in lieu and instead of such certificates of deposit said first mortgage 4½% real estate bonds and warrants due July 1, 1955, which will be created and issued by the execution and delivery of an extension and revision agreement, the stamping of said first mortgage 5% real estate bonds and warrants due July 1, 1943, with an appropriate legend, and affixing of new coupon sheets.

Registration Statement No. 2-5140. Form S-1 (5-18-43).

MONDAY, JUNE 7

INTERSTATE BAKERIES CORPORATION

Interstate Bakeries Corporation has filed a registration statement for $2,500,000 first (closed) mortgage 5% refunding bonds due June 1, 1958.

Address—406 W. 34th St., Kansas City, Mo.

Business—Engaged in the manufacture and wholesale distribution of bread, cake and other bakery products.

Offering—Price to public to be supplied by amendment.

Underwriting — The underwriters and amounts underwritten are: H. M. Byllesby & Co., Inc., Chicago, $1,100,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Central Republic Co., Inc., Chicago, $500,000; Farwell, Chapman & Co., Chicago, $200,000, and Stern Brothers & Co., Kansas City, Mo., $200,000.

Proceeds—Of the proceeds approximately $2,067,000 will be used for the redemption on Sept. 1, 1943, at 105% and accrued interest, of all of the outstanding first mortgage 6% sinking fund gold bonds, due Sept. 1, 1945, issued by Schulze Baking Co. and subsequently assumed by Interstate; $151,875 to the prepayment of the real estate 5% note, payable Sept. 7, 1945, originally issued by Western Bakeries Corp., Ltd., and subsequently assumed by Interstate, and as an addition to working capital.

Registration Statement No. 2-5141. Form S-1 (5-19-43).

DURIRON COMPANY, INC.

Duriron Company, Inc., has filed a registration statement for 70,000 shares of common stock, par value $5 per share. Of the total registered 57,700 are now issued and outstanding and owned by the Chase National Bank of New York. The remaining 12,300 shares are authorized for issue.

Address—450 North Findlay St., Dayton, O.

Business—Produces equipment and castings used in manufacturing, conveying, controlling and otherwise handling corrosive liquids and gases.

Offering—Price to public will be supplied by amendment.

Underwriters — Lee Higginson Corporation, New York, heads the underwriters. Names of others will be supplied by amendment.

Proceeds—Net proceeds from sale of 12,300 shares by the company will be added to its general funds. Net proceeds from 57,700 shares will go to the selling stockholder.

Registration Statement No. 2-5141. Form S-2 (5-19-43).

TUESDAY, JUNE 8

GULF OIL CORPORATION

Gulf Oil Corporation has registered 764,500 shares of capital stock, par $25 per share. All of the shares registered are presently issued and outstanding and none of the proceeds from the sale thereof will be received by Gulf Oil Corporation.

Address—Gulf Building, Pittsburgh, Pa.

Business—Is engaged principally in the production, purchase, transportation, refining and sale of crude petroleum and products derived therefrom, or in businesses related thereto, in the United States and in foreign countries. The corporation and certain of its subsidiaries are actively engaged in exploratory and development work in connection with the acquisition of oil for future requirements.

Underwriting—The shares registered are outstanding shares owned by certain persons and trusts who desire to sell such shares. There is at present no firm commitment to take such shares from the owners thereof. Mellon Securities Corporation owns 546,400 of the shares registered.

Offering—The price at which the shares may be offered to the public, the underwriting discounts or commissions, and the proceeds to the owners thereof have not been determined. The selling stockholders intend not to enter into any agreements for the sale of such shares prior to the effective date of the registration statement. They intend, however, to enter into agreements of such character within a few days after effective date, and to furnish to the corporation the terms of such agreements, the names of the underwriters, the price at which the shares will be offered to the public, etc.

Proceeds—Will go to the selling stockholders.

Registration Statement No. 2-5143. Form A-2 (5-20-43).

WEDNESDAY, JUNE 9

SIXTY SEVEN HOLDING COMPANY

Sixty Seven Holding Company has registered 3,412 shares of preferred stock, $100 par value, to be authorized.

Address — Bankers Securities Building, Philadelphia, Pa.

Business — Owns and operates a ten-story brick and stone apartment house located at 67 South Munn Avenue, East Orange, N. J.

Offering — The perferred stock being registered is to be offered otherwise than for cash. It is to be distributed to holders of the unsubordinated bonds presently secured by the first mortgage on the property of the registrant at 67 South Munn Avenue, East Orange, N. J., at the rate of four shares of $100 value each, in addition to $600 in cash, in consideration for the surrender for cancellation of each $1,000 face value of such bonds.

Registration Statement No. 2-5144. Form S-1 (5-21-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ARMOUR & CO. OF DELAWARE

Armour & Co. of Delaware has filed a registration statement for $35,000,000 35-year 7% cumulative income debentures, due April 1, 1978.

Address—43rd Street and Racine Ave., Union Stock Yards, Chicago, Ill.

Business—Engaged in meat packing business, operating packing plants in North and South America for the slaugther of livestock and the processing of meats and animal products and for by-products. In conjunction with their meat packing operations, company and subsidiaries manufacture butter and cheese and various other products.

Underwriting—Kuhn, Loeb & Co., New York, head the underwriting group. Others to be supplied by amendment.

Offering—Company offers to the holders of its outstanding 523,581 shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share, the right to exchange such shares for the debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject, if the total number of shares of preferred stock deposited for exchange would require more than the entire issue of debentures, to allotment of the debentures by the company. The debentures not taken upon the exchange offer have been underwritten and will be offered to the public at a price to be fixed by amendment.

The exchange offer will expire at 3 p.m. June 3, 1943, local War Time, in the city of the depositary. Depositaries are Chase National Bank, New York; Continental Illinois National Bank & Trust Co., Chicago, and Bank of America N. T. & S. A., San Francisco.

Proceeds—Company intends to apply the net proceeds of the debentures not taken in exchange pursuant to the exchange offer, with any other funds in the treasury which may be necessary, to the redemption of a par amount of 7% guaranteed cumulative preferred stock of the company which, with the shares acquired pursuant to the exchange offer, will retire $35,000,000 par amount of such preferred stock.

Registration Statement No. 2-5134. Form A-2 (4-29-43).

Armour & Co. of Delaware filed an amendment to its registration statement on its proposed issue of $35,000,000 7% cumulative income debentures due April 1, 1978, which lists a nation-wide group of 90 underwriters. The company offers to the holders of its 523,581 outstanding shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share the right to exchange such shares for debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject to allotment if required. The offer to stockholders will expire at 3 p.m., June 3, 1943.

The debentures not taken upon the exchange offer have been underwritten, with the names of underwriters and amounts subscribed listed as follows: Kuhn, Loeb & Co., N. Y., $2,500,000; First Boston Corp., N. Y., $1,500,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Bacon, Whipple & Co., Chicago, $250,000; Baker, Watts & Co., $150,000; Ball, Coons & Co., Cleveland, $100,000; A. G. Becker & Co., Inc., N. Y., $600,000; Blair, Bonner & Co., Chicago, $200,000; Blyth & Co., Inc., N. Y., $1,000,000; Alex. Brown & Sons, Baltimore, $350,000; H. M. Byllesby & Co., Inc., Chicago, $200,000; Central Republic Co., Inc., $350,000; E. W. Clark & Co., $250,000; Coffin & Burr, Inc., Boston, $300,000; Curtiss, House & Co., Cleveland, $150,000; Dempsey-Detmer & Co., Chicago, $100,000; Dick & Merle-Smith, N. Y., $200,000; Dominick & Dominick, N. Y., $500,000; Drexel & Co., Philadelphia, $600,000; Eastman, Dillon & Co., N. Y., $500,000; Emanuel & Co., N. Y., $200,000; Equitable Securities Corp., N. Y., $200,000; Estabrook & Co., Boston, $300,000; Fahey, Clark & Co., Cleveland, $100,000; Farwell, Chapman & Co., Chicago, $200,000; Ferris & Hardgrove, Seattle, $100,000; Field, Richards & Co., Cleveland, $150,000; First Cleveland Corp., Cleveland, $150,000; First of Michigan Corp., Detroit, $200,000; Glore, Forgan & Co., N. Y., $750,000; Glover & MacGregor, Inc., Pittsburgh, $100,000; Goldman, Sachs & Co., N. Y., $1,000,000; Graham, Parsons & Co., Philadelphia, $200,000; Grubbs, Scott & Co., Pittsburgh, $100,000; Hallgarten & Co., N. Y., $500,000; Harriman Ripley & Co., Inc., N. Y., $1,200,000; Harris, Hall & Co., Inc., Chicago, $350,000; Hawley, Shepard & Co., Cleveland, $200,000; Hayden, Miller & Co., Cleveland, $250,000; Hayden, Stone & Co., N. Y., $500,000; Hemphill, Noyes & Co., N. Y., $500,000; Hill & Co., Cincinnati, $100,000; J. J. B. Hilliard & Son, Louisville, $150,000; Hornblower & Weeks, N. Y., $500,000; W. E. Hutton & Co., N. Y., $500,000; Illinois Company of Chicago, Chicago, $300,000; Kebbon, McCormick & Co., Chicago, $250,000; Kidder, Peabody & Co., N. Y., $750,000; Ladenburg, Thalmann & Co., N. Y., $750,000; W. C. Langley & Co., N. Y., $300,000; Lazard Freres & Co., N. Y., $750,000; Lee Higginson Corp., N. Y., $1,000,000; Lehman Brothers, N. Y., $1,000,000; Carl M. Loeb, Rhoades & Co., N. Y., $300,000; Mackubin, Legg & Co., Baltimore, $100,000; Laurence M. Marks & Co., Baltimore, $200,000; McDonald-Coolidge & Co., Cleveland, $250,000; Merrill, Turben & Co., Cleveland, $200,000; Milwaukee Company, Milwaukee, $250,000; Moore, Leonard & Lynch, Pittsburgh, $150,000; F. S. Moseley & Co., Boston, $500,000; Mullaney, Ross & Co., Chicago, $100,000; Maynard H. Murch & Co., Cleveland, $150,000; Newhard, Cook & Co., St. Louis, $150,000; Ohio Company, Columbus, $100,000; Paine, Webber, Jackson & Curtis, N. Y., $500,000; Arthur Perry & Co., Inc., Boston, $150,000; Putnam & Co., Hartford, $150,000; Reinholdt & Gardner, St. Louis, $150,000; E. H. Rollins & Sons, Inc., N. Y., $500,000; L. F. Rothschild & Co., N. Y., $200,000; Schoellkopf, Hutton & Pomeroy, Inc., $200,000; Schwabacher & Co., San Francisco, $250,000; Singer, Deane & Scribner, Pittsburgh, $150,000; Smith, Barney & Co., N. Y., $1,000,000; Starkweather & Co., N. Y., $150,000; Stein Bros. & Boyce, Baltimore, $250,000; Stern Brothers & Co., Kansas City, $150,000; Stifel, Nicolaus & Co., Inc., St. Louis, $200,000; Stix & Co., St. Louis, $100,000; Stone & Webster and Blodget, Inc., N. Y., $750,000; Stroud & Co., Inc., Philadelphia, $250,000; Swiss American Corp., N. Y., $250,000; Union Securities Corp., N. Y., $750,000; G. H. Walker & Co., St. Louis, $250,000; Wertheim & Co., N. Y., $300,000; White, Weld & Co., N. Y., $750,000; Whiting, Weeks & Stubbs, Inc., Boston, $250,000; Wisconsin Company, Milwaukee, $500,000; and Dean Witter & Co., San Francisco, $500,000.

Registration effective 5 p.m. (EWT) on May 18, 1943.

BURTONITE CORPORATION

Burtonite Corporation has filed a registration statement for 10,000 shares of 7% preferred stock and 15,000 shares of common, no par.

Address—2500-22 Fisher Street, Fort Worth, Texas.

Business—Manufacture of face brick.

Offering—Present offering consists of 2,000 units, each unit consists of four shares preferred and one share common, price per unit is $10.

Underwriting—None. Distribution is to be made by direct sales by the corporation of its treasury stock.

Proceeds—Expansion of plant facilities, installation of additional equipment and for working capital.

Registration Statement No. 2-5105. Form S-2 (3-5-43).

CELOTEX CORPORATION

Celotex Corp. has filed a registration statement for 75,000 shares of common stock, no par value.

Address—120 South La Salle Street, Chicago, Ill.

Business—Company is engaged in the building material business.

Underwriting—There are no underwriters.

Offering—The 75,000 shares of common will be offered by the company at $10.50 per share only to a selected group consisting of employees of the company, including officers and directors and those serving in a professional or advisory capacity and a limited group of persons having long standing business relations with the company to be selected by the board of directors. Statement says that recently, while the company was carrying on negotiations to augment its working capital by the issuance and sale of common stock, a substantial group of key employees of the company including certain officers and directors, joined in the formation of a syndicate with a view to the purchase of a large block of outstanding common stock from a single source which had indicated a willingness to sell. When reasons arose whereby the proposed purchase could not be carried out, the group acting through the syndicate requested the company to afford the syndicate members, as well as other employees, the opportunity to purchase the stock of the company then proposed to issue, at a price to net the company the same amount as though such stock were marketed through then available investment banking channels. The board determined that the stock to be sold should be offered to the selected group at a price of $10.50 per share. The syndicate has formed a voting trust for the common stock of the company.

Proceeds—Entire proceeds from the sale will be received by the company and used for additional working capital and for other corporate purposes.

Registration Statement No. 2-5112. Form A-2 (3-24-43).

Amendment filed May 17, 1943, to defer effective date.

CELOTEX CORPORATION

Bror Dahlberg, O. S. Mansell and Andrew J. Dallstream, voting trustees, have filed a registration statement for voting trust certificates for 150,000 shares of common stock of Celotex Corp. common stock, no par value.

Offering—(See Celotex statement No. 2-5112.) The syndicate has formed the voting trust for the common stock of the company, and an opportunity will be afforded to the members of the syndicate (mentioned in statement No. 2-5112) and to all others who purchase such stock, to deposit their shares of common stock thereunder and receive voting trust certificates. Additional shares of common may be deposited upon application of the holder and with the consent of the voting trustees, but voting trust certificates are not to exceed 150,000 shares of common stock.

Purpose—To form voting trust.

Registration Statement No. 2-5113. Form F-1 (3-24-43).

Amendment filed May 17, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140.000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendment filed May 10, 1943, to defer effective date.

MIDLAND COOPERATIVE WHOLESALE

Midland Cooperative Wholesale has filed a registration statement for $500,000 4% 15-year subordinated debenture notes.

Address—739 Johnson St., N. E., Minneapolis, Minn.

Business—Registrant is a cooperative association organized under the laws of Minnesota. It is a non-profit association. All of its common or voting stock is owned by cooperative associations doing business in the States of Minnesota, Wisconsin, Iowa, North and South Dakota. More than 85% of the common stockholders are associations of farmers.

Underwriting—None.

Offering—At face value. The notes will be dated as of the date of sale. Each note will mature on or before 15 years from its date. The notes will be issued in denominations of $25, $100, $500 and $1,000.

Proceeds—Will be used for part purchase of a refinery for the refining of gasoline, kerosene and other light oils, located at Cushing, Okla., together with pipelines, tanks, tank cars and inventories.

Registration Statement No. 2-5107. Form A-2. (3-17-43).

Amendment filed May 6, 1943, to defer effective date.

In an amendment filed April 5, 1943, company proposes to issue 5,000 shares of 3% non-cumulative preferred stock B, par $100, and reduces the amount of subordinated debentures to be issued to $250,000, the latter to be sold only to company's common stockholders at $100 per unit.

Registration statement effective 3:50 p.m. (EFT) on May 21, 1943, as of 5:30 p.m. (EWT) May 8, 1943.

STOVALL PROPERTIES, INC.

Committee for Holders of Class B first mortgage 5% gold bonds of Stovall Properties, Inc., has filed a registration statement with the Securities and Exchange Commission for certificates of deposit for $956,500 of such first mortgage real estate bonds.

Address—Place of business of original issuer, Tampa, Fla. Address of committee, 711 Maritime Building, New Orleans, La.

Business—Operation of office buildings, and rental of store properties owned by it.

Purpose—In addition to the $956,500 Class B 5% mortgage bonds there are outstanding $8,125 Class A 6% first mortgage gold bonds. Both classes of bonds were dated Sept. 1, 1931, with maturity date Sept. 1, 1941.

Both classes of bonds bear interest at the rate of 8% after maturity. According to the registration statement the deposit of securities is desired in order to foreclose the mortgaged and/or pledged property, and, if need be, to bid in the property at the foreclosure sale for the benefit of the bondholders.

So far as is known to the committee, no steps have been taken by anyone to prepare a plan of readjustment or reorganization. Securities are to be called for prior to the proposal of a plan because from all information available, there is little possibility of any feasible plan of reorganization. The committee is of the opinion that the only feasible mode of procedure is to foreclose the mortgage, obtain title to the property either in the committee or in a corporate or personal nominee of the committee to operate the property for the benefit of the depositing bond holders and to seek a purchaser for the same. The members of the committee have found that prospective purchasers for the mortgaged property are unwilling to negotiate until title has been obtained through foreclosure. The deposit agreement is dated Nov. 25, 1942. The committee has not as yet fixed any limit to the period within which the bonds will be accepted.

Registration Statement No. 2-5083. Form D-1. (1-18-43).
fer effective date.

Amendment filed May 21, 1943, to defer effective date.

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.3 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed May 20, 1943, to defer effective date.

YORK CORRUGATING CO.

York Corrugating Co. has filed a statement with the SEC for 50,000 shares of common stock, $1 par value. The stock is presently issued and outstanding and does not represent new financing.

Address—Adams Street and Western Maryland Railroad, York, Pa.

Business—Normal manufacturing facilities are primarily designed for pressed, drawn and stamped metal products. About 95% of the company's manufacturing facilities are now devoted to war production.

Underwriting—Floyd D. Cerf Co., Chicago, is named principal underwriter.

Offering—Offering price to the public is $6.50 per share. Selling stockholders are Western National Bank of York, Pa., as trustee under the Benjamin S. Taylor Trust 28,013 shares, and Dr. Charles P. Rice, York, Pa., 30,750 shares.

Proceeds—To selling stockholders.

Registration Statement No. 2-5118. Form S-2 (3-30-43).

Registration effective 12 Noon (EWT) on May 1, 1943, as of 5:30 p.m. (EWT) May 18, 1943.

Hirshon Co. To Admit Daly

Richard E. Daly will be admited to partnership in Hirshon & Co., 61 Broadway, New York City, members of the New York Stock Exchange, as of June 3. Mr. Daly will be a member of the Stock Exchange, acquiring the membership of the late Eugene L. Maxwell.

The Business Man's Bookshelf

AGRICULTURAL MACHINERY INDUSTRY—E. W. Axe & Co., Inc.—Tarrytown Press, P. O. Box 57, Tarrytown, N. Y.—Paper—45¢—Free to public libraries and non-profit institutions.

EVALUATION OF RECEIVABLES AND INVENTORIES AS AN INTEGRAL PART OF CREDIT ANALYSIS—Edward F. Gee, Assistant Cashier of the State-Planters Bank & Trust Co., Richmond, Va.—Bankers Publishing Co., Cambridge, Mass.—Cloth—$3.50.

INFLATION AND INVESTMENT POLICY—A. M. Clifford—A. M. Clifford & Associates, 639 Spring St., Los Angeles, Calif.—Paper.

INTEREST AND USURY—Bernard W. Dempsey, with an introduction by Joseph A. Schumpeter—American Council on Public Affairs, 2153 Florida Ave., Washington, D. C.—Paper, $3.00; Cloth, $3.50.

MANUAL OF INDUSTRIAL NUTRITION — Food Distribution Administration, Nutrition and Food Conservation Branch—United States Government Printing Office, Washington, D. C.—Paper.

MONETARY REFORM MOVEMENTS (A Survey of Recent Plans and Panaceas)—Joseph E. Reeve, with introduction by Willard L. Thorp—American Council on Public Affairs, 2153 Florida Avenue, Washington, D. C.—Paper, $3.25; Cloth, $3.75.

NEW YORK LAWS AFFECTING BUSINESS CORPORATIONS (Annotated and revised to April 26, 1943)—United States Corporation Company, 150 Broadway, New York City—Paper—$2.00.

PROBLEMS OF POST-WAR MONETARY STABILIZATION—An Address by Winthrop W. Aldrich, Chairman of the Board of Directors of the Chase National Bank of the City of New York—Chase National Bank—Paper.

POST-WAR STABILIZATION OF FOREIGN EXCHANGE—Benjamin M. Anderson—In "The Economic Bulletin" for May 11, 1943, issued by Capital Research Co., 650 South Spring St., Los Angeles, Calif.—Paper.

SAVINGS AND WAR FINANCE—An Address by Winthrop W. Aldrich, Chairman of the Board of Directors of the Chase National Bank of the City of New York—The Chase National Bank—Paper.

SURVEY OF FEDERAL HOUSING AND MORTGAGE POLICIES—Dr. Robert H. Skilton—American Council on Public Affairs, 2153 Florida Ave., Washington, D. C.—Bulletin.

SEC Rejects Application For Brokerage Permit

The application of George L. Ohrstrom, doing business as G. L. Ohrstrom & Co., 40 Wall Street, New York City, was denied by the Securities and Exchange Commission. Simultaneously Hood & Co., also of 40 Wall Street, was permitted to withdraw its registration as an over-the-counter broker and dealer. The SEC had instituted proceedings against the latter firm, which dissolved in 1942, to determine whether its registration should be revoked under the securities acts.

The SEC found that Mr. Ohrstrom, whose registrations of two former companies bearing his name had been revoked in 1939, had organized a third company to continue his business "in an attempt to enable Ohrstrom to evade the possible consequences of his admission of violation made in connection" with the 1939 order of revocation. Since Hood & Co. had requested withdrawal of its registration, the SEC stated that it was not "necessary to decide whether the record discloses control of Hood & Co. by Ohrstrom within the meaning of the act." Ohrstrom had been a "contact" salesman for Hood & Co.

The Commission also declared that Ohrstrom's application had been found to contain "false statements and omitted to state important information," which failure to file a truthful statement was especially serious in view of the prior revocation order against him.

New England Pub. Service Situation of Interest

Ira Haupt & Co., 111 Broadway, New York City, member of the New York Stock Exchange, have prepared an analysis of the New England Public Service Company. Copies of this interesting analysis may be had upon request from Ira Haupt & Co.

Question Of National Fiscal & Monetary Policy In Relation To Business & Employment Vital

Ruml Calls This A Most Important Post-War Problem

The statement that "it is fortunate that today most business men agree that the elimination of mass unemployment is the first requirement for the post-war period" was made by Beardsley Ruml, author of the Ruml "pay-as-you-go tax" plan in addressing a meeting of the American Society of Planning Officials in New York on May 18. "Many," said Mr. Ruml "will go so far as to agree that unless mass unemployment can be eliminated under a system of private business enterprise, private business enterprise will be supplanted by some other arrangements for the production and distribution of goods and services." Continuing he said:

"The demonstration of what we are able to produce under the rules of a war-time economy is unanswerable evidence of what machines and men and organization can accomplish if their technical capacities are given full rein. And we know that at the present time, with the newness of the war-time conditions under which we are working, the organizational and administrative arrangements are of much less effectiveness than they will become with longer experience. Accordingly, today many business men and many associations of business men, not only in the Committee for Economic Development by any means, are giving thought to the responsibilities of private enterprise in doing its full part in achieving high production and high employment in the post-war period. I hasten to say that as far as I know, these business men would in every case subordinate this thinking about post-war employment to efforts directed toward the winning of the war, and each, in his capacity as a business manager, has made sure that his responsibilities for present war-time production are being efficiently discharged.

"Although the task is difficult, the rewards of success are so great from every material and human point of view that it is an effort which can be undertaken with real zest and enthusiasm. Little difference of opinion and petty special interests become insignificant and can be brushed aside in view of the prospect that lies ahead. Business is definitely committed to take the initiative and to do its proper part.

"But it would be folly to expect that business can make the transition from full war-time employment to high peace-time employment without cooperation from public government at every level.

"These measures of cooperation between government and business are good, but in my opinion they are not enough. In addition, we require for success in the attack by business and government on mass unemployment a commitment on the part of government that, through an explicit fiscal and monetary policy, it will act when business, as business, cannot act to sustain employment and efective demand.

"At the present time, even if a fiscal and monetary policy to complement and supplement the activities of private business were generally agreed upon, there is no possibility under the present organization of the Federal government of its being made operative or effective.

"There are three principal causes for this inadequacy, and ways must be found for eliminating them, or at least reducing the severity of their influence.

"The first change that needs to be made is in the organization of the adminstrative branch of the Federal government. The administration of any fiscal policy at all calls for cooperation among agencies and for singleness of policy in at least several respects: the Federal budget; the Federal lending policy at home and abroad; the credit and monetary policies under the jurisdiction of the Federal Reserve System; the creation and refunding of Federal debt, which is now managed by the Treasury; the tax program; and, possibly, the activities of the Securities and Exchange Commission. These several functions are all intimately associated in giving reality to any governmental fiscal and monetary policy designed to cooperate with private business in achieving high productivity and high employment. These functions are scattered among several departments and agencies, and, during the 30's, there was clear evidence of conflict in basic policy. This meant that during that period the administration had no consistent or continuing fiscal policy and was unable to use the full power of fiscal measures to support its attempts to reach the humane goals it had set for itself in other fields.

"A similar situation exists in Congress with the several committees of both House and Senate that must consider legislative policy on fiscal and monetary matters. Even if a consistently strong policy should emerge from the administrative branch, it would be subject to delay and possible damaging amendment before the necessary legislation would be forthcoming. As far as taking the initiative is concerned, Congress is handicapped both by organizational and procedural difficulties and also by grossly inadequate staffing of its technical services.

"Another very serious difficulty is the lack of close collaboration on policies of expenditure and taxation between the Federal government on the one hand and the State and local governments on the other. This weakness has been well understood for years, but the initiative which might have been expected from the Federal government in analyzing the problem and making some preliminary suggestions has not been forthcoming until recent weeks. The Report of the Treasury Committee on Inter-Governmental Levels treats of this problem in a somewhat timid and ineffective way, in sharp contrast to the bold assurance of the more recent Treasury report on currency stabilization as among the sovereign nations of the whole world.

"Here, at the point of fiscal and monetary policy, where the relations between government and business are of the greatest importance for the working out of our post-war employment and production problems, business may properly be apprehensive. It may be aprehensive, not that the intentions of government will be hostile or even indifferent, but that, unless the preparatory organizational work is done now, the Federal government will be helpless in executing even the most elementary collaborative program.

"In concluding these remarks, let me point up what I have to say, with three observations.

"First, in our thinking and planning about the post-war period, there is plenty of work to be done, and every organization has its own proper contribution to make. We should get along with this planning, subject only to the reservation that nothing must be permitted to interfere with direct measures for winning the war.

"Second, let us avoid wasteful duplication but let us recognize that not all duplication of effort is wasteful. For example, one of the great post-war problems in this whole question of national fiscal and monetary policy in relation to sound business activity and high employment. Although we want a consistent policy, we should not leave such a question to be studied by any single agency. The Federal Reserve System, of course, must work on it, but so will the National Resources Planning Board and the National Planning Association. And I feel sure that the Committee for Economic Development will also give this matter extensive consideration. We must judge whether duplication of effort is wasteful by more penetrating standards than merely whether more than one agency is working on a single topic.

"And third and finally, business in the United States has created an organization to think about and to work for expansion of private business activity and a high level of employment. This is the single function of this new organization, the Committee for Economic Development. Those who have organized the Committee hope that it may be a focus for the cooperative eforts of other business men who feel as they do about the role of business in the post-war world."

Mr. Ruml is Treasurer of R. H. Macy & Co. and Advisor of the National Resources Planning Board. At the meeting before which he spoke, Frederic A. Delano, Chairman of the National Resources Planning Board introduced Mr. Ruml, and said, according to the New York "Times" that he was in agreement on the point that government must find measures to encourage "the healthy and aggressive development of private enterprise."

From the "Times" we also quote:

Mr. Delano asserted that "full employment" after the war did not mean regimentation or that government would be "running business and industry." He said it meant that government and industry must each bear responsibility for providing jobs "at wages that will turn into buying power."

"In periods where business and industry are not at full capacity, for example, during such times as may be needed to reconvert from war to peace-time production, government must be responsible for having ready definite and sound programs to provide jobs and income, with resultant buying power, until business and industry can again reach the full production level," he said.

HAnover 2-0050 Teletype—N. Y. 1-971
Firm Trading Markets
FOREIGN SECURITIES
All Issues
CARL MARKS & CO. INC.
FOREIGN SECURITIES
SPECIALISTS
50 Broad Street New York City

For Dealers . . .
Active Trading Markets in
Bendix Home Appliances, Inc.
Class A and Common
Majestic Radio & Television Corp.
Preferred and Common
Allen B. DuMont Laboratories, Inc.
Class A Common
Information on request
Kobbé, Gearhart & Company
INCORPORATED
Members New York Security Dealers Association
45 NASSAU STREET, NEW YORK
TELEPHONE RECTOR 2-3600 PHILADELPHIA TELEPHONE ENTERPRISE 6015 BELL TELETYPE NEW YORK 1-576

Fort Pitt Bridge Works
Common & 6s of 50
Penn Central Airlines
Preferred
Erie Railroad
Warrants
Houston Ltg. & Power
Common
M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-8780
Teletype N. Y. 1-1397

International Food Bank Urged By British At Food Conference—Favor Greater Production

The British delegation to the United Nations Conference on Food and Agriculture, at Hot Springs, Va., proposed on May 23 the establishment of an international food bank. The bank, according to the Associated Press, would take the form of "an internationally held balancing or buffer stock which could be increased when production for the time being outruns demands, and drawn upon when it falls short."

Richard Law, British Undersecretary for Foreign Affairs and Chairman of the delegation, presented a 3,000-word statement describing this and other elements of a British blueprint for a world free from want. Under it, the advices from which we quote added, the plow-it-under philosophy would be supplanted by a bold policy of expanded production. Production and consumption of protective foods would be subsidized. An internationally financed organization would be empowered to give foodstuffs to populations in need.

From Hot Springs the Associated Press further reported:

"The proposal stresses, however, that before such long-range plans can be put into effect the urgent problems of the immediate post-war period must be met.

"This period of drastic shortage growing out of the war's widespread destruction and disorganization of production is described as falling into two phases, the first of which will be dominated by the struggle to prevent hunger in wide areas.

"The second phase, Mr. Law explains, will be one of transition in which production and distribution will still be gravely disorganized, with enough food available to satisfy hunger, but not enough to achieve a balanced diet.

"During this phase," says the memorandum, "we cannot hope to abolish want, but we can alleviate it."

"The United Kingdom delegation suggests the food conference should do these things toward pointing the way through the period of shortage to achievement of a well-fed world:

"1. It should go on record as stating that the common goal of all the governments here represented is 'to insure to all mankind a supply of food which is secure, adequate and suitable.'

"2. It should, despite exclusion of relief from the conference agenda, consider both phases of the period of shortage and 'resolve that, so long as this state of affairs exists, international arrangements should exist to encourage the maximum production of the commodities which are most needed and to secure an orderly and equitable distribution of the commodities which are in short supply.'

"3. It should 'enunciate basic principles of food production' which every nation can follow in deciding its own food supply policy and which it will 'recognize as right for other nations, too.'

"4. It should recommend a bold policy of expansion as against the policy of restricted production. 'We believe that the only unquestionable justification for reducing the production of a desirable commodity is to release capacity for the production of some other still more desirable one.'

"5 It should recommend the buffer stock, or food bank.

" 'Such a stock would serve a double purpose,' the delegation said. 'Not only would it insure that the consumer always has ample supplies available for him and that the producer always has a purchaser for his product, also, if properly managed, it would shield both parties from violent short-term fluctuations in price.

" 'In the view of the United Kingdom delegation those responsible for operating a buffer stock should aim at combining a short period stabilization of prices with a long period price policy which balances supply and demand and allows a steady rate of expansion to the most efficient producers. It should be possible to achieve this aim through varitions in the prices at which the authority controlling the buffer stock is a buyer and a seller. . . . A buffer stock of the type described above is of a buffer stock designed simply to maintain prices.'

"6. The conference should adopt a declaration that 'there should be no regulation of quotas of the export of any agricultural commodity except under the control of some authority fully representative of both producers and consumers.'

"7. It should recommend creation of an international body with authority to buy foodstuffs for international distribution 'and give them to populations in need.'

"8. It should recommend creation of a 'new' and comprehensive organization' to collect and distribute scientific and statistical data on food problems and to 'study the problems continuously.'

"On this point the memorandum adds that such an organization might also serve a useful purpose by 'giving authoritative advice regarding the free distribution of foodstuffs.'

"While advocating steps toward achievement of a well-fed world, the British delegation warns against any attempt at regimentation of appetities or solution of problems as though all nations and peoples were alike.

" 'Improving the consumption habits of peoples,' says the memorandum, 'does not imply that every one in every part of the world should have exactly the same diet. . . . In approaching our main task of abolishing want, we must cater for wide differences in type and adequacy of diets both within and between countries.' "

R. HOE CO.
COMMON
Bought — Sold — Quoted
•
HAY, FALES & CO.
Members New York Stock Exchange
71 Broadway N.Y. BOwling Green 9-7027
Bell Teletype NY 1-61

Title Guarantee & Trust
Pierce-Butler Radiator
Differential Wheel
Eastern Footwear
(Direct private wire to our Office in the State Tower Building,
SYRACUSE, N. Y.)
BIRNBAUM & CO.
Members N. Y. Security Dealers' Assn.
60 Broad St. New York
HAnover 2-6790 Syracuse 2-7158
Bell Teletype NY 1-2230

Twin City Bond Club To Hold Annual Picnic

MINNEAPOLIS, MINN. — The Twin City Bond Club will hold its annual picnic at the Midland Hills Golf Club on June 24th. Some changes have taken place in the program of pre-war days—the affair to be an afternoon and evening affair as compared with the former all day outing; there will be no luncheon, but golf and tennis will be features of the afternoon, dinner, bridge etc. in the evening.

Members of the picnic committee are: Ray F. Weidenborner, Henderson - Weidenborner Co., St. Paul, chairman; Cecil Burnham, First National Bank of Minneapolis; Elmer Williams, Allison-Williams Co., Minneapolis; H. N. Tufvesson, H. M. Byllesby & Co; Rollie Andrews, J. M. Dain & Co., Minneapolis; Fred Goth, Piper, Jaffray & Hopwood, H. T. Booth, Paine, Webber Jackson & Curtis. H. T. Booth, who was chairman of the committee, found his duties serving on his draft board taking so much time that he could not do justice to the arrangements committee.

Form New Denver Firm

(Special to The Financial Chronicle)

DENVER, COLO.—The Regional Agency, Inc., has been formed with offices in the Midland Savings Building, to engage in a securities business. Officers of the new firm are Harold W. Thorne, President; Byron G. Rogers, Vice President, and M. G. Kimsey, Secretary. Mr. Thorne was formerly an officer of the Colonial Service Corporation of Denver.

Chicago Exchange Members

CHICAGO, ILL. — Sidney L. Castle, of Chicago, partner of Carter H. Harrison & Co., and Dr. Henry G. Langworthy of Dubuque, Iowa, were elected to membership in the Chicago Stock Exchange by the Executive Committee, it was announced.

STANY Opens Drive To Raise Ambulance Fund For U. S. Armed Forces

The Security Traders Association of New York, Incorporated, today are inaugurating a drive in the security business and district to raise funds for the purpose of supplying ambulances to the United States Armed Forces. It is believed that this is the first time that this has been attempted in the industry and STANY is very anxious to do the best job possible.

Walter Saunders

The 400 members of the Association in New York have all been appointed members of a general committee to get the job done and done well. The members will serve on subcommittees under the leadership of captains listed below:

Walter F. Saunders, Chairman, The Dominion Securities Corp.
Jerry Aal, Abraham & Co.
Chester De Willers, C. E. De Willers & Co.
Michael J. Heaney, Joseph McManus & Co.
Thomas A. Larkin, Goodbody & Co.
John J. O'Kane, John J. O'Kane, Jr., & Co.
Harry Peiser, Ira Haupt & Co.
Fred Preller, Eastman, Dillon & Co.
Abraham Strauss, Strauss Bros.
Edward Thompson, Smith, Barney & Co.
Robert Torpie, Merrill Lynch, Pierce, Fenner & Beane.

Contributions are to be sent directly to the Chairman or any of the Captains mentioned, and checks are to be drawn to the order of Security Traders of New York Ambulance Fund.

All administrative expenses in connection with the above will be paid by the Association and every penny collected will be used for the purpose intended.

Chicago Traction Issue Appears Interesting

The collateral trust sinking fund 5% gold bonds of the Chicago City and Connecting Railways offers an interesting situation at current levels, according to a detailed memorandum issued by Straus Securities Company, 135 South La Salle Street, Chicago, Ill. Copies of the memorandum, which contains interesting price range figures and graphic representation of market range, is available to registered dealers and banks upon request; copies may be obtained from Straus Securities Co.

West Virginia-Pittsburgh
Coal Co.
1st Mtge. Income 6s, 1947
Bought, Sold & Quoted
Description on Request
D. F. Bernheimer & Co., Inc.
42 Broadway, New York City
Telephone: BOwling Green 9-4970
Bell Teletype NY 1-1043

Mission Oil
Vicana Sugar
R. Hoe & Co.
Air Communications
General Aviation Equipt.
Great American Industries
L. D. Sherman & Co.
30 Pine Street, New York
Telephone WHitehall 4-7970
Bell System Teletype NY 1-2218

White & Co. Is Formed—New St. Louis Firm

ST. LOUIS, MO.—G. M. (Jim) White and Julian M. White announce that they have terminated their connection with the firm of Murdoch, Dearth & White, Inc., and that they will hereafter engage in the securities business under the firm name of White & Company from offices in the Mississippi Valley Trust Building.

Associated with the new firm will be Leonard P. Betz, Raymond D. Gremp, Theodore C. Honig, Hiram Neuwoehner, Paul T. Phiambolis, and Arthur E. Smith, all formerly with Murdoch, Dearth & White.

Sees Seaboard Plan Soon To Be Made Public

With the question of "interest on interest" settled, it is the opinion of L. H. Rothchild & Co., 120 Broadway, New York City, that Special Master Tazewell Taylor's plan for the reorganization of the Seaboard Air Line will be made public by the middle of June. L. H. Rothchild & Co. are preparing an analysis of the significance of this plan which will be ready shortly thereafter and may be obtained from them upon request.

OFFERINGS WANTED
Pacific Coast Cement
Preferred & Common
Empire Sheet & Tin Plate
Bonds & Stock
American Department Stores
4s & 6s
Quaker City Cold Storage 5s
Hill, Thompson & Co., Inc.
Markets and Situations for Dealers
120 Broadway, New York
Tel. Rector 2-2020 Tele. NY 1-2660

Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4180 New York, N. Y., Thursday, May 27, 1943 Price 60 Cents a Copy

The Financial Situation

It has long been evident that in important respects the Roosevelt Administration, placed in power by the largest majorities on record in this country, has not been able to command the support of the American people in World War II that the Wilson Administration with its slim majorities regularly was able to summon. With the labor situation existing at present in the coal mines, parts of the automobile industry and in the rubber industry; with the labor unrest evident in many other sections of industry generally; with the emergency state of affairs in transportation along the eastern seaboard, resulting avowedly from lack of public "cooperation"; with the widespread development of "black markets," particularly in the field of food distribution; and with the plain want of overwhelming public condemnation of violators of many of the host of regulations, it is evident enough that something approaching a crisis is in the offing.

Why?

Why does this anomalous situation arise? An answer is imperative. An effective cure—and we urgently need one—can be discovered and applied only when the nature and the cause of the ailment is thoroughly understood. Let it not be said that the trouble arises from the fact that the people have become or are becoming "fed up" with the New Deal and all its works, that the political tide has turned away from the Administration. So it turned away from President Wilson and his Administration. Yet public support of its war policies was never so lacking as is the case today. There is evidently something deeper and more significant behind and under this inability of the present Administration to command the public.

The ineffectiveness of the Roosevelt Administration probably in part arises from its handling of foreign policy prior to our entry into the war. The American people did not want to become involved; indeed, we are of the impression that up to the day when Pearl Harbor was attacked, a substantial majority of the people of this country still strongly hoped—on the basis of repeated assurances of the President—to be able to remain aloof from actual hostilities. This they hoped or believed, despite acts of the Administration which made it clear to thoughtful men that such a hope was doomed. The people were not psycholog-

(Continued on page 1978)

From Washington Ahead Of The News

By CARLISLE BARGERON

There has been a lot of profound speculation about the significance of John L. Lewis' move to rejoin the American Federation of Labor. It does carry plenty. But manifestly it was not related to his current predicament because this turned around his defiance of the War Labor Board. The A. F. of L., instead of defying the Board, has insisted that its dignity and freedom of action be restored. It has two members on the Board.

The fact is that Lewis has wanted to come back to the Federation for a long time, and there have been those on the executive council who wanted him back. The two stumbling blocks have been two New Dealers on the council, Dan Tobin, President of the Teamsters, and Harry Bates, of the Bricklayers. Playing the New Deal game, carrying the ball for the President in the council, they have prevented Lewis' return. So the significance is that these gentlemen who have shown increasing unfriendliness towards the Administration recently, relented and welcomed Lewis back.

As to whether Lewis will be a big influence in the Federation, of course, he will. Lewis is always an influence. He is an influence in the Federation, in the CIO, in the whole labor movement, regardless of just where he is at. As to the extent of this influence, when he was in the AFL and a member of the council only three of his motions ever carried.

Another interesting thing is that after Tobin and Bates agreed to the rapprochement, the White House, to whom the news was a bombshell, immediately set out to recover the favor of its two friends, who had been suffering from neglect. Through wooing them again, the White House succeeded in placing two New Dealers out of the three Federation members of the committee set up to arrange for Lewis' return. The question arises as to whether they will be pressed to create impossible conditions for Lewis. If this

(Continued on page 1986)

Taft Says Planning Board's Idea Would Mean 'Untimely End' Of Private Enterprise

Would Have Business Men And Farmers Free To Act Without Government Dictation

The recent report of the National Resources Planning Board "gives lip service to private enterprise, but the measures they propose would bring it to an untimely end," Senator Robert A. Taft (Rep. Ohio), declared last week at a dinner of the National Society of the Sons of the American Revolution at the Plaza Hotel, New York City.

Robert A. Taft

The New York "Times" reports Senator Taft as saying that the program of the Board for conversion of war plants to postwar civilian uses, with government aid in financing, in training workers and in transportation control, "is plausible and it has a global charm, but it leads directly to the abolition of local self-government, to the control of all industry by administrative boards having executive, legislative and judicial powers and to a 100% socialist economy."

"It leaves nothing to the initiative or the ability of the average independent American," he added.

Further noting Senator Taft's remarks, the "Times" of May 20 said:

Expressing himself in favor of post-war planning, but along the lines of private enterprise, Senator Taft declared that the first essential in a sound post-war program is sound finance. The nation's debt at the end of the war will approach three hundred billions, he said, a debt not impossible to pay "if we maintain a reasonable prosperity and do not constantly increase that debt."

The theory of deficit financing, which he said the board favored, would bring ruinous inflation, would end private enterprise, and certainly, he said, failed really to solve the unemployment problem during the Thirties when it was tried.

"Our program must be to create conditions in which free enterprise can go ahead, large and small, and particularly small, and new industry encouraged to start," he continued. "Most of our industries have grown up from little plants, constructed without government assistance and enlarged by initiative and ability. As soon as a reasonable supply of any article is available price restrictions should be removed and all restraints of war elmininated. I do not mean that war powers should not be continued for a reasonable time after the armistice, but the men in charge should seek every opportunity to surrender them. The danger is that most government bureaucrats will seek every opportunity to continue their own powers and their own jobs.

"The Securities and Exchange Commission should be reorganized to permit freer capital markets, particularly in the smaller cities and the securities of smaller companies. Its purpose should be merely to prevent fraud and misrepresentation in the sale of securities, not to direct the flow of capital in the United States as the government thinks it should flow.

"As far as possible, the loaning activities of the government should be eliminated, except in cases where it is clearly shown that private capital is unable to do the job. I believe we should consider government assistance or assurance to institutions engaged in the financing of small industry, such assistance to given through insurance of credits, or perhaps as insurance against excessive loss by those who invest in such industry.

"The only regulation of industry which is desirable is that necessary to prevent monopoly and unfair competition. I am convinced that can be done by the enforcement of specific laws without sending government controllers into every store and every plant to regulate profits and direct operations.

"In short, I think we can return to a system of private enterprise, let the business men run their businesses and the farmers run their farms without the government attempting to dictate to every individual business man or farmer.

"Undoubtedly necessary and desirable public works should be undertaken when private activity falls off; but as a cure for major unemployment a public works program is bound to be a washout. I question very much whether after the war any public works program will be immediately necessary, for I am convinced that the back-log of civilian demand will bring on at least a short period of intense activity by private enterprise."

GENERAL CONTENTS

Editorials

Page
Financial Situation 1977

Special Articles (In Section 1)
Government Methods Tend to History Civilian Economy............1953
A Gold Standard Based Upon Gold Bullion 1967

Regular Features
From Washington Ahead of the News 1977
Moody's Bond Prices and Yields....1989
Items About Banks and Trust Cos..1992
NYSE Odd-Lot Trading 1988
Trading on New York Stock Exchange 1988
NYSE Bond Issue Values 1987

State of Trade
General Review 1978
Commodity Prices, Domestic Index..1990
Weekly Carloadings 1991

(Continued on page 1992)

Leadership In Industry Will Take Chapter From War, Says Garrett

In answering the question as to how industry was able to swing from a peace to a war basis and achieve its tremendous production totals within little more than a year? Paul Garrett, Vice-President and Director of Public Relations of General Motor Co., stated on May 21 that "unless industry is able to make clear the answer to this question its present high public position will not survive the first mistake or the first blast of criticism." Speaking at the dinner session of the Conference on Wartime Public Relations Policies sponsored by Illinois Manufacturers' Association at the La Salle Hotel, Chicago, Mr. Garrett, whose subject was "The Fourth Dimension of Public Relations," went on to say:

Paul Garrett

"Surely, industry's war production record is not the result of new skills developed after Pearl Harbor. No revolution in industrial principles was required. No great new plan had to be inaugurated. Rather the joh has been accomplished by adapting to wartime needs the experience and the techniques of peace. The processes by which this country over the decades was given the highest standard of living to be found anywhere in the world. Nothing fundamentally new. Nothing startling. Simply purposeful focusing of long experience and known techniques upon a clearly defined new objective.

"For example, we have heard much about wartime subcontracting. It burst upon the public as a strange phenomenon. I happen to be connected with a company that has been subcontracting on a major scale for nearly 40 years. But we didn't call it that. We call the 20,000 outside concerns to whom we assign parts of the production task 'suppliers' or 'parts manufacturers.' Frankly,

(Continued on page 1980)

The Financial Situation

(Continued from first page)

ically ready for "total war," with its inevitable sacrifices. They had blindly trusted a headstrong President—and been entrapped.

Japan Helped

The obliging Japanese, with their dastardly attack at Pearl Harbor, whatever else may be said of it, did much to steel the public against what was inevitable henceforth, but it did not and probably could not do the job completely. Without much question, and despite all the patriotic oratory of the day, the lingering feeling persists in many quarters that we were dupes to have permitted ourselves to become involved in the mess—and, of course, that does not help. The real, and the only real answer is, naturally, that we are now involved, and must see it through as quickly and as completely as it is possible for us to do. What might have been has in this instance become a subject for discussion at some future date, and nothing more. Yet that answer is rarely given, and never emphasized.

Still Reforming

But there are other and quite possibly more powerful causes of the present state of things. One of them is the inevitable "hangover" from the days when this same Administration seldom had anything to say except about reform and about plans for making the country over more to the liking of the day-dreamers in its midst. That hangover consists in part, without doubt, of a persistence, despite all that has happened, of a determination on the part of the Administration not to permit the war to swerve it a hair's breadth from the course it had set for itself in the matter of remaking the country. On the contrary, it often appears that the effect of the war has been to cause it to broaden the scope of its reforms to include the entire world. In these circumstances it is hardly strange that a great many people look with deep suspicion upon every new regulation or restriction—and soon satisfy themselves that it is, in substantial part at least, dictated not by the necessities of the immediate present but by dreams for the future. In fine, the feeling is widespread—right or wrong—that the Administration itself has not its eye single upon the prosecution of the war. To many it appears that it has become a victim of its love of regulation for its own sake.

Administrative Chaos

Equally potent doubtless as a cause of the present situation is the utter want of administrative effectiveness in the National Government. Confusion seems to prevail almost everywhere, and to become more confounded with each passing day. Take the problem of gasoline supply in the East. Some day some enterprising student will take the time to list in chronological order all the official and semi-official statements that have been issued since the start of the war concerning this matter. It would make an interesting if disheartening record. Some day, if and when the record becomes available, the historian will doubtless trace the steps and the missteps that have been taken in the muddled situation. It will doubtless reveal for the first time the real causes of the present impasse, and it, too, will make interesting if disheartening revelations. We doubt if the historian will have a great deal of difficulty in understanding the "failure of the honor system," about which incompetent officials have of late had so much to say.

The food situation is cut from the same cloth and may well prove to be much more serious in the long run. Official dealing with this phase of the situation from the farm to the urban kitchen could scarcely have been worse. Undertaking to rule everything, officialdom is succeeding in really controlling almost nothing. Food production has been dealt with as if it were unrelated to anything else in the national program—such as selective service, so-called, the production of farm machinery, the adequacy of transportation, or wage rates in war factories. Food distribution has apparently been regarded as a toy with which the impractical reformers could experiment and amuse themselves to their hearts' content without disturbing the flow of the necessaries of life to the civilian population. The Army, from all accounts, has been so intent upon having the best-fed soldiers in the world that it has done nothing effective to prevent perfectly outrageous waste (to say nothing of hoarding) throughout its ranks. Is it strange that the black market is about to take over the industry—or that the public does not refrain from dealing with "illegitimate" elements in the trade?

Give Us the Facts

To make the effect upon the public of all this maladministration all the more pronounced and distressing, the Administration has adopted the policy of keeping the public in the dark about almost everything, or else has hopelessly confused it with constant contradictions and inconsistencies in what it has had to say to the public. The individual who is asked to "cooperate" finds himself utterly uncertain of the facts and often unable to cooperate by reason of inability to understand what is required of him. He soon becomes disgusted, and concludes that he had better look out for number one—indeed, that he must do so or else suffer serious consequences. Is it strang that he should do so?

Give the American people an effective Administration of public affairs, drop all considerations other than those which have to do with winning the war, and keep the public reasonably informed—and the long-demanded "cooperation" will be forthcoming quickly enough.

Let The World Planners Take Note

"But long before the war it became more and more clear that with increasing complications in internal and international relations of various countries, any sort of international center would encounter insuperable obstacles in solving the problems facing the movement in each separate country.

Joseph Stalin

"Deep differences of the historic paths of development of various countries, differences in their character and even contradictions in their social orders, differences in the level and the tempo of their economic and political development, differences finally in the degree of consciousness and organization of workers, conditioned different problems affecting the working class of the various countries.

"The whole development of events in the last quarter of a century and the experience accumulated by the Communist International convincingly showed that the organizational form of uniting workers, chosen by the First Congress of the Communist International, answered conditions of the first stages of the working-class movement, but it has been outgrown by the growth of this movement and by the complications of its problems in separate countries and has even become a drag on the further strengthening of the national working-class parties."—The Presidium of Executive Committee of the Communist International.

The precise significance and practical importance of the dissolution of the so-called Communist International remain for the future to disclose.

Let it be observed, meanwhile, that this organization has not in recent years been alone in its ambitions to intrude upon the domestic situations in various foreign countries.

A good many of the post-war planners both in this country and in Great Britain would do well to ponder carefully some of the observations made in their latest manifesto.

The State Of Trade

Reports from the heavy industries continue favorable, with steel production and carloadings slightly higher for the week. The retail trade is also showing substantial returns above a year ago.

Production of electricity in the United States for the week ended May 15 amounted to 3,969,161,000 kilowatt hours, an increase of 18.2% over output of $3,365,208,000 in the like 1942 week.

All geographic regions showed gains over last year, the largest being 32.9% on the Pacific Coast, according to the Edison Electric Institute. The gain in mid-Atlantic States was 16.7%.

Output for Consolidated Edison Co. of New York for the week ended May 16 was 175,500,000 kilowatt hours, an increase of 21% from a year ago. Local distribution of electricity was up 25.9% from last year.

Carloadings of revenue freight for the week ended May 15 totaled 848,522 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 31,971 cars over the preceding week this year, 9,468 cars more than the corresponding week in 1942 and 12,280 cars below the same period two years ago.

This total was 126.13% of average loadings for the corresponding week of the 10 preceding years.

Steel operations this week are scheduled at 99.3% of capacity, an advance of 0.7% from the preceding week and comparing with 100% operation a month ago and 99.6% a year ago, according to the American Iron & Steel Institute.

Current schedule is equivalent to production of 1,719,500 net tons of ingots and castings, compared with 1,707,400 tons a week ago, 1,731,700 tons a month ago and 1,691,800 tons in the like 1942 week.

A much livelier demand for steel, chiefly due to the greater volume of orders from subcontractors, was reported by the magazine "Steel." Sheets, bars and plates were particularly in demand, with shape and reinforcing bar products still lagging.

The Federal Reserve Board reports that department store sales last week were 16% higher than during the corresponding week a year ago. In the preceding week such sales were 12% greater than in the similar period in 1942. while in the four weeks ended May 15, they totaled 13% more than in the corresponding period last year.

All Federal Reserve districts reported sales increases last week as follows: Boston, 13%; New York, 10%; Philadelphia, 8%; Cleveland, 11%; Richmond, 21%; Atlanta, 34%; Chicago, 8%; St. Louis, 16%; Kansas City, 32%; Dallas, 49%, and San Francisco, 38%.

Department stores' sales in New York City in the week ended May 15 were 10% larger than in the 1942 week, and in the four weeks ended May 15 were 9% higher than the corresponding period last year, according to the New York Federal Reserve Bank.

Independent grocery stores have been taking business away from the chains since the beginning of price control last year, the Commerce Department reports.

Dollar sales of the independent grocers in the first quarter of this year increased more than 30% over the corresponding period in 1942, the Department said, while sales of chain food stores declined slightly.

Three reasons were given by Commerce Department economists for what they described as "the current advantageous position" of independent grocery stores:

1. Maximum price regulations allowed the independent higher-price ceilings, enabling them to pay more for scarce foods and to obtain more from the sources of supply.

2. With higher incomes, consumers are able and willing to pay the higher prices charged at independent stores. This is especially true since point rationing began and caused shoppers to be more "point" conscious than price conscious.

3. Independents have more small and medium stores conveniently located to serve customers at a time when restrictions on the use of passenger cars have forced consumers to patronize their neighborhood stores.

Construction contracts in 37 Eastern cities declined 11% in April from the preceding month, and were 39% below April, 1942, F. W. Dodge Corp. reports.

Contracts for last month totaled $303,371,000.

April's construction represented mixed trends, the report said, with heavy engineering contracts totaling $127,723,000, or 4% higher than in March and 25% greater than April, 1942.

Residential building in April amounted to $79,434,000, an increase of 11% over March, but a decline of 51% from April, 1942.

The heaviest decline was reported in non-residential building contracts, due to a drop in the manufacturing plant contract total from $145,064,000 in April, 1942, to $40,652,000 last month. Meanwhile, civil engineering construction awards this week, excluding shipbuilding volume, totaled $63,929,000, a drop of 30% from the preceding week and 71% below the same week last year, "Engineering News-Record" reported.

$6.2 Billion More For Lend-Lease Voted By House; Bill To Senate

By a vote of 309 to 4, the House on May 21 passed a $6,273,629,000 lend-lease appropriations measure. Added to $2,057,496,000 unobligated funds from prior appropriations, the bill will make available for a 14-month period —May 1, 1943, to June 30, 1944 —the sum of $8,331,125,000. The bill, which now goes to the Senate, had been reported earlier in the day by the House Appropriations Committee. The $6,273,629,000 bill, which the Committee believed to be an irreducible minimum, was $150,000,000 less than recommended by the Budget Bureau and sought by the Lend-Lease Administration.

Just before the House approved the measure, an amendment was written into the bill by a vote of 214 to 96 forbidding use of any of the funds for payment of subsidies on agricultural products.

Direct lend-lease appropriations amounting to $18,410,000,000 have heretofore been made available by Congress since the program was inaugurated in March, 1941. Of this total, $16,300,000,000 had been obligated or committed up to April 30, 1943, leaving an uncommitted balance for reappropriation totaling $2,057,000,000.

Of the $6,273,629,000 in new funds, there was earmarked $4,452,623,000 for food, agricultural implements and industrial commodities;, $1,552,659,000 for ship expenses and charter hire; $259,348,000 for repairing defense articles, and $8,999,000 for administration.

Reestablishment Of Foreign Trade Should Not Be Obscured By Other Problems, Says Ward

At the annual meeting of the Bankers Association for Foreign Trade, held at French Lick, Ind., on May 21, Wilbert Ward, Vice-President of the National City Bank of New York, was elected to the Presidency of the Association for the ensuing year. In his address of acceptance Mr. Ward said in part:

"When we next meet, the course and outcome of the war, and the structure and powers of the future world organization, will have taken shape., So, too, will the extent and character of our cooperation with other nations to promote the wider international exchange of goods and services. Thanks are due to our Program Committee for the timeliness of the topics we have been discussing. We are indebted to Dr. Bidwell and Clarence Hunter, for an illuminating exposition of post-war plans and projects, and to President Pierson of the Export-Import Bank of Washington, President Hemingway of the American Bankers Association, and Mr. Swingle of the National Foreign Trade Council, for emphasizing the stakes that bankers have in the reestablishment of our foreign trade.

"To all this I have but one word to add. That word is, that we should not let our preoccupation with regard to relief, rehabilitation and stabilization of currencies, obscure the fact that the reestablishment of our foreign trade need not await the solution of these complex problems. We must beware of too ambitious schemes inviting the creation of great international institutions. In our planning, we should heed the admonition of Gogol, to avoid 'the follies of all those wiseacres who, without having first learned what is good in their own land, fill themselves with fool notions abroad.' Our foreign trade can be reestablished largely out of machinery already at hand;—substantially the same machinery that created it. Our task force for the job consists of our commercial banks, working in concert with our manufacturers and traders. Our implements are our national resources, the productivity of our factories, the energies of our population, and a sound currency. With these forces, we can supply and finance that measure of goods and machinery which we may find it in our own interest to make available to a post-war world which will not only lack food, but the means of producing it,—foreign markets faced with the need for machinery and equipment to produce and transport goods, and to modernize their farms, industrial plants and commercial establishments.

"Our campaign for the reestablishment of our foreign trade will involve the cooperation of our government,—on the positive side, through the continuance of the sort of operations that President Pierson of the Export-Import Bank has just outlined to us; and negatively, by encouraging and assisting private enterprise to move back into those areas which the necessities of war have led our governmental agencies to preempt. The re-routing of foreign trade, and its financing, into private channels, will aid each foreign country to reestablish its own private institutions and enterprises. If that is done, our foreign trade will become a positive force for world peace and prosperity."

Production In Cotton Goods Adversely Affected By Narrow Margins, Bell Tells Senate

Says Loss Would Follow Increase In Price Without Adequate Compensation In Ceilings

Warning of a condition which would seriously hamper the cotton-textile industry's war effort, W. Ray Bell, President of the Association of Cotton Textile Merchants, on May 19 contradicted statements made before the Senate Agriculture Committee on May 18 to the effect that materially higher raw cotton prices without proportionate increases in present OPA ceilings on cotton goods would leave "a fair margin of profit" for cotton mills. Pointing out that present ceilings were made a year ago and based upon a cotton price of 20.37 cents per pound, materially below prices at present prevailing, Mr. Bell asserted that production in many divisions of cotton goods has been adversely affected by narrow margins, and that actual loss would follow "an increase in price of cotton without adequate compensation in ceilings."

In a wire to Senator Ellison D. Smith, Chairman of the Senate Agriculture Committee, Mr. Bell stated:

"As primary distributing sources for vast majority of cotton textiles, our members are deeply concerned over presumably misinformed statements about cotton goods price ceilings as reported in public press from testimony before your Committee yesterday. Facts are that ceilings were established May 4, 1942, based on 20.37 cents per pound for raw cotton. Subsequently there were roll-backs in ceiling prices on a number of important schedules. All manufacturing costs have continued to increase with no upward adjustment of prices except one instance where military fabrics were concerned. Production in many divisions of cotton goods has been adversely affected by narrow margins which would mean actual loss with any increase in price of cotton without adequate compensation in ceilings. Such a condition would seriously hamper cotton-textile industry's efforts to maintain production at all-time-high record levels for war requirements."

The statements to which Mr. Bell took exception are alleged to have been made by J. E. McDonald, Texas Commissioner of Agriculture, in his testimony in support of Senate Agriculture Committee's approval of a bill to fix a floor of 23½ cents a pound on Government-held cotton while prohibiting ceilings on this commodity at below 25 cents. There is at present, says the announcement from the Association of Cotton Textile Merchants, no ceiling on cotton prices.

The announcement likewise says:

"Press dispatches quoted Mr. McDonald as saying that 'the mills could pay this price and still have a fair margin of profit at today's ceilings on cotton goods.' He was also quoted as stating in his testimony that ceilings on cotton goods reflect an approximate price of 21.38 cents for raw cotton. OPA price ceiling schedules issued when the ceilings were established carried the following statement: 'Where the contract of sale is made on or after May 4, 1942, the maximum price shall be determined on the basis of a spot cotton price of 20.37 cents per pound.' The corresponding price of spot cotton, an average of 10 markets, was 20.93 cents on May 17."

Non-Essential Driving Banned By OPA

A new non-essential driving ban to be backed up by all possible enforcement was ordered on May 19 by the Office of Price Administration, effective at noon Thursday, May 20, in the twelve Eastern States, plus eight western counties of West Virginia, and the District of Columbia. This action, according to the announcement, was taken to meet a gasoline supply crisis resulting from tremendously increased military demands, and to assure adequate gasoline for farm production of food.

The twelve States in which the ban was imposed are Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, Pennsylvania, Maryland, Virginia.

The emergency, signalized by filling stations running dry in various cities, including war plant centers, along the Atlantic coast, makes drastic action throughout the general Eastern area necessary to make sure that our available gasoline supplies — which have hit an all-time low—are not dissipated in non-essential use, Prentiss M. Brown, OPA Administrator, said.

The situation is so serious, the Price Administrator pointed out, that thousands of tractors operated in vital food production areas from Virginia to Maine might stand idle in a few days for lack of fuel. Tractors in some areas are already out of use because of dry tanks, according to reports.

The ban will not be accompanied by a cut in the A, B, or C coupons, Mr. Brown said.

While appealing to the East's 8,000,000 motorists to cooperate by voluntarily cutting out all trips that are not absolutely necessary, Mr. Brown emphasized that in view of the present crisis OPA enforcement officials will proceed with all vigor to detect violators and to suspend rations.

At the same time Price Administrator Brown appealed for the cooperation of State and local police in telegrams to the twelve Governors.

The restrictions on driving under the new ban will be similar to those applied during the previous ban which was ordered last January, but was lifted in March. Gasoline may be used only for trips connected with the motorist's occupation or with family or personal necessity.

The ban on non-essential driving applies to drive-yourself cars as well as to private passenger automobiles, the Office of Defense Transportation announced May 20. Persons hiring rental cars are required to sign agreements stating that the drive-yourself vehicle will not be used in violation of any Government regulation.

On May 17, Price Administrator Prentiss M. Brown stated that additional mileage for vacation travel cannot be permitted this summer because the extra use of rubber (and gasoline in the East) could not be justified, by present supplies. As long as it is necessary to restrict occupational drivers, to grant millions of miles to vacationists would be a "luxury which we cannot afford in total war," Mr. Brown commented.

The Administrator reminded motorists that present rationing regulations give them some mileage which they can use for vacation travel. Every car owner has 90 miles of "free" mileage a month in his basic "A" book even though a "B" or "C" book has been issued to him. Since all "A" coupons are valid for at least two months, when new coupons become valid, a motorist can save enough of such coupons in two months to provide up to 180 miles of vacation travel. The motorist can carry over in his tank "A" coupon gasoline from the prior valid period, and have up to 360 miles for his trip.

War Price and Rationing Boards throughout the East Coast area have already started reviewing all "B" and "C" rations with the view to bringing the issuance of coupons into balance with the gasoline supply. At the same time OPA has launched a drive against non-occupation use of "B" and "C" rations already outstanding.

Demobilization Will Bring Enormous Problem Of Re-Employment, Reports Conference Board

Demobilization will create an employment problem greater in magnitude than the task of finding jobs for all men employed in manufacturing in 1939, according to the National Industrial Conference Board. This fact, the Board says, emerges from its survey of the economic background for post-war reconstruction.

By the end of this year, the Board continues, the armed forces will exceed by 4,500,000 the number of male wage earners in manufacturing in peacetime. The eight states composing the heavy manufacturing belt of the Middle Atlantic and East North Central areas have already contributed 3,500,000 men to the armed forces, a number equivalent to their 1939 male manufacturing personnel. The Board, in its advices May 24, further says:

"More civilians have been added to public payrolls since February, 1940, than have been added to any other single industrial field. This total increase, at slightly below 2,000,000, including those at work in arsenals and other government plants, exceeds the combined number added in shipbuilding, aviation, and other transportation equipment.

"By the close of this year nearly 17,500,000 individuals will derive their livelihood from government, the Board estimates. There will then be only two workers in private industry, excluding agriculture, for every person in the armed services or in civilian government employ, the Board adds.

"The Board estimates that by the close of this year roughly 62,500,000 men and women will be at work or in the armed services. Total employment will then exceed by about 6,500,000 the normal labor force of the nation in peacetime. Yet the number at work in private industry will be as low as it was at the outbreak of the war.

"Employment is now further above the number in the long-term labor force, both relatively and absolutely, than at any previous period. In World War I, employment also rose well above the number comprising the nation's labor force in peacetime. During the subsequent decade employment and labor force again returned to their long-term projections.

"Nearly 4,500,000 women found employment in civilian industry in the two years ending December, 1942. An additional 3,000,000 must be drawn into industry this year, mainly by war industries. By the end of 1943 women will comprise about 30% of all workers, including the armed services, the Board estimates.

"Citing certain shifts in population as having a bearing upon the geographical incidence of re-employment problems and post-war markets, the Board points out that despite heavy drafts upon the male population for armed service, sharp increases in civilian population were reported in many metropolitan areas from April 1940, to May, 1942. The 25 metropolitan counties with the largest absolute increase in war population gained nearly 2,000,000. Seventeen of these areas have had a rapid expansion of population in both peacetime and wartime, and may be expected to retain their population increments. In six areas rapid wartime growth is contrasted with only slight prewar increases. These latter gains may therefore prove temporary."

Administration's Plan For Post-War Social Security Called "Politics" By Rep. Plumley

Representative Charles A. Plumley (Republican, of Vermont), on May 22, addressed the Republican Women's Annual Rally in New York City and said that the recent report of the National Resources Planning Board, which contemplates the expenditure of $7,695,000,000 of Federal money for a post-war program for security, work and relief, would serve as material in a campaign to elect President Roosevelt to a fourth term next year. The New York "Herald Tribune" of May 23, reporting this, further quoted Representative Plumley as saying: "The Board's plans would wipe out State lines and make serfs of taxpayers."

"When I first read the report of the National Resources Planning Board," he said, "I was shocked by its apparent and obviously deliberate, but also insidiously covert, attempt to destroy individualism, encourage federalization, advance socialization and generally change our existing order. . . .

"This is no time to be deluded. Do you realize that by this report, in one fell swoop, it is proposed to go back to the age of feudalism?

"You are going to hear more about this report when they bring it out for a fourth term for President Roosevelt.

"State lines are wiped out with the mop of Federal supervision and gratuity. Industry and labor are regimented. The taxpayer is made a serf. The axiom is ages old that corrupted freemen are the worst of slaves.

"No such danger from a foreign foe has ever confronted lovers of liberty, freedom and the possible continuation and advancement of the interests of mankind as is found in this report which lays the groundwork for an international New Deal as it starts us on the road to national and individual suicide, governmentally."

He continued, referring to the proposed "crade - to - the - grave" program, that the people of this country do not want to be pampered. He added, also, that while the post-war responsibilities of the United States will not be limited to this country, it is too early now to be drawing blueprints for a post-war world.

The report was referred to in these columns March 18, page 1017.

More 5-Cent Papers

Virtually half of the daily newspapers in the United States are now charging 5 cents. In a report to the recent meeting of the New York State Circulation Managers Association, at Utica, at was revealed that 899 of the 1,915 daily newspapers are now 5 cents a copy.

The "Times" and "Eagle" of Reading, Pa., it is reported, have advanced the price from 4 cents to 5 cents a single copy.

Leadership In Industry Looking To Future Will Take Chapter From War, Says Garrett

(Continued from first page)

the whole network of subcontracting had become such an integral part of our process of volume production that the engineers and production men couldn't really understand for a time what all the commotion was about. And this was true of the automobile industry as a whole.

"To take a few other examples of industrial know-how: The manufacturer of one particular type of gun found a way to cut its production time in half. He could thus double his output of guns. What enabled the company to accomplish this war production miracle?

"Any number of companies have found ways of conserving critical materials. For example, one company is now building stronger, lighter airplane propellers at a saving of 100 to 200 pounds of aluminum per propeller. Would not the story of 'how' such an operation is accomplished give people a better understanding of the company than a carload of statistics?

"Hidden in our war manufacturing experience are thousands of examples of how companies, working with military authorities, are stepping up airplane engine horsepower, toughening up field equipment and designing weapons for tomorrow's battles.

"Such stories to a plant manager are apt to appear elementary. The story hardly seems worth the telling. Knowing the facts so well it is natural for him to think, 'Why, everyone knows that.' But unfortunately everyone does not know. Often it is the simple, routine fact, not thought worthy of notice around the plant, about which a public misconception is created.

"Most of us have done a good war production job. Most of us have told about the war job done. Not so many of us have given people any understanding of 'how' and 'why' we were able to do the job. And in a democracy fighting for democracy are not the 'hows' and 'whys' of production the thing important for people to understand? We in manufacturing have a mission to fulfill in the area of this third dimension of our public relations that must remain an uppermost consideration for the duration.

"It is important for people to understand also that the skills and techniques now applied to war production to back up our fighting men are the same skills and tcheniques that served us in peacetime. It is important that people understand that these same skills and techniques serving us in war stand ready to serve us equally well after the war. It is important that people understand that only through this managerial know-how is progress for the future possible in making more things for more people in more places at less cost.

"Somehow the impression got around that industry in its thinking and in its processes adhered to a rigid, unyielding formula. The great new discovery coming out of this war production job is the amazing resourcefulness of American industry, its flexibility in the face of changing requirements, its ability to adapt its experience, ingenuity and resourcefulness to whatever the problem may be.

"If you want to get a measure of your own company's wartime position from a public relations standpoint, just apply the micrometer. Take three dimensional measurements:

"First: How good a war production job has your company done? For doing the job well is the FIRST DIMENSION of public relations.

"Second: Have you told the public within censorship limitations about the job done? For telling about the job done is the SECOND DIMENSION of public relations. The doing is more important than the telling. But the doing alone is not enough.

"Third: What have you done beyond the mere telling to explain 'how' you are able to do the kind of job you are doing? For unless you give people an understanding of the 'how' and 'why' you have not developed the THIRD DIMENSION of public relations. The knowing why is what makes the idea stick.

"Looking to the future, leadership in industry will take a chapter from this war. The decisions of General Eisenhower would have meant little except that they were supported by decisions of generals and colonels and majors and captains and lieutenants and sergeants all along the line. How much more is it true that in the psychology of the post-war period the public relations of a company cannot be discharged by a general manager at the top working alone.

"A company comes to possess public respect not through the decisions of a few but through the cumulative efforts of all the people who make up the company. No one in a company is so small that what he does stops with himself. You never know at what stage even a small decision may develop to the maturity of a good or bad public impression.

"A company's public position is more than a matter of top management policy. It is a matter of the diffusion of responsibility for public attitudes. I mean the diffusion of right decisions as affecting the public from top to bottom of the managerial force. Like the atoms of a chemical element which, possessed of certain characteristics and arranged in a certain manner, determine unmistakably the nature of that element, the sequence of the myriads of decisions of its men determines the essence and fiber of a business. Every decision is an element in the structure which public opinion builds.

"No sound company policy reaches full fruition unless it enlists the acceptance, the understanding, the enthusiasm of every man and woman in the company. The load must be spread. This diffusion of responsibility for making right decisions on all matters touching the public may well be regarded as the FOURTH DIMENSION of public relations.

"Why has industry been able to do an outstanding war production job? Not because of its facilities. Most of them had to be rebuilt. Not because of its budgetary reserves. In the aggregate these were wholly inadequate. It was because over the years the men and women of supervision have been trained to make decisions—decisions that kept materials flowing from primary sources, decisions that kept a thousand manufacturing processes each in step with the other.

"In our own organization we have for more than 20 years followed a plan of decentralized operations. Individual units are set up in many respects as though they were separate enterprises, with the widest scope left for initiative, for imagination and for judgment. It has given substance to our preparation for and production of war materials. General Motors is not alone in this policy of decentralized operations. Industry as a whole has grown, expanded and attained a high level of efficiency because management learned to diffuse its operational responsibilities over a large number of supervisory personnel.

"How much more then must public relations—with its man-to-man aspects—become the job of everyone in the organization? A part of General Montgomery's success in Libya was the infinite care he took to give his men of all ranks an understanding of objectives. With a central policy goal in mind he sought a diffusion of operational responsibility as the men scattered for battle.

"Looking to the post-war future, the problems confronting industrial management will be diverse and far-reaching—problems of reconversion, problems concerned with establishing the widest possible employment, problems of making available new products and services to more people in more places, problems of integrating its economic activities with the broad needs of industrial communities. All of these problems touch upon public wants and needs. All of them involve public reaction. To all of them must be applied the sympathetic understanding of whole organizations.

"In war the public objectives of a company become unmistakably clear. But the company must find ways to make its peace objectives as clear as are its war objectives.

"A company's relationships to the public it serves must become inherently and instinctively the concern of all its people. In this diffusion of responsibility for its public approach, in this FOURTH DIMENSION of company public relations, lies a new uncharted course. It is a new opportunity—yes, an obligation—for management ready to meet a great challenge.

"Today the challenge is the challenge of war, upon which all the resources and all the energies of industry must be devoted without stint as long as a single gun or a single shell is needed by our fighting men.

"And what is the challenge of tomorrow? This country when victory is won will face opportunities such as never before have been presented. New products, new materials, new methods, new markets will challenge the resourcefulness even of our resourceful people. I doubt that the management of our great manufacturing enterprises have been able to take their minds off war production long enough themselves as yet to plan very far into the future.

"But when conversion back to peace operations becomes possible they will turn their talents toward new horizons with enlarged vision. For the men of management know that what is good for America is good for the company. They want it to be equally true that what is good for the company is good for America."

WPB Urging Further Economy In Newsprint

The War Production Board on May 19 called upon the nation's newspapers to conserve newsprint in the interests of the war effort, warning that the present situation is "serious."

In a joint statement, W. G. Chandler and H. N. Bitner, Director and Deputy Director of the WPB's Printing and Publishing Division, appealed to newspapers to make economies in their use of newsprint, explaining that the need "for further voluntary curtailment now is urgent."

The statement follows:

"The newsprint situation in the United States is serious.

"It was expected that WPB general limitation order 1-240, issued last Dec. 31, would effect a saving in newsprint use in the United States of aproximately 10%.

"This expectation is not being fulfilled.

"The latest American Newspaper Publishers Association figures indicate only a 5% reduction from 1941 for the first four months of this year. The reduction is only about 2½% under the first four months of 1942.

"The necessity for further voluntary curtailment now is urgent.

"Canadian shipments to the United States in the first four months of 1943 were at an annual rate of only 2,400,000 tons, which would be 120,000 tons under the expected rate.

"Canada expects to be able to supply its quota through the third quarter of this year. But that may not be enough to prevent another horizontal cut affecting all newspapers.

"Recently assurance was given that no additional cut in usage would be necessary through the third quarter of 1943 if—and only if—American newspapers reduced their usage to 90% of 1941 consumption.

"Requests for additional tonnage in the present quarter, filed in accordance with the provisions of limitation order 1-240 which seeks to prevent undue hardship, are in many instances higher than relief afforded in the first quarter, which was an adjustment. Unfortunately it is not possible for newspapers to continue under present limitations without making additional sacrifices.

"Failure of newspapers to achieve the reduction is due largely to circulation and advertising demands. Difficulties of production, and diversion of pulp to other industries and for the need of the armed forces, all contribute to the seriousness of the present situation.

"Therefore, we appeal to newspapers generally to accept the reductions in their current requests for additional tonnage which the printing and publishing division has been forced to make.

"We appeal to newspapers generally to 'play the game' and voluntarily reduce their requests if they cannot live within the terms of the limitation order.

"We hope many newspapers will, of their own accord, agree to new co-operative economies which will help conserve our supply of print paper, using the same resourcefulness and ingenuity which to date have preserved the newspapers' service to the public.

"We realize there have been recent optimistic reports about newsprint supply from sources which are not disinterested. We believe that these reports are grossly misleading and will encourage over-use. As soon as a critical shortage occurs, one may expect a clamor from publishers, as well as from paper manufacturers, for increased prices, in the scramble for tonnage.

"We believe that failure to recognize the urgency of the present curtailment objective, in the face of declining stocks, will inevitably jeopardize orderly and continuous supply of newsprint, and will lead the publishing industry into a critical situation where more drastic limitations will be inescapable."

Lehman Foresees Creation Of Allied Relief Office

Herbert H. Lehman, Director of the Office of Foreign Relief and Rehabilitation, disclosed on May 8 that plans are progressing for establishment of a United Nations relief committee to coordinate the measures which the various governments must take to meet the needs of the conquered territories when they are liberated.

Mr. Lehman, former Governor of New York, recently returned from London where he held several conferences with representatives of Great Britain and the exiled governments.

Mr. Lehman also made known that plans are under way to extend immediate American aid to the civilians in the newly-liberated areas of Tunisia. He said that stocks of basic foods, medical supplies and clothing have been assembled for relief of the distressed portion of the Tunisian population, which may reach a peak of between 600,000 and 700,000 persons.

After spending two and a half weeks in London, Mr. Lehman said he had returned with a great conviction of the imperative necessity for immediate action on our part, in collaboration with the Allies, in the preparation of plans and the procurement of essential supplies to assist the civilian population in areas liberated. He further said that in his London talks with American military leaders and with British officers he found complete agreement on the necessity for adequate preparation for civilian relief as an essential part of any military campaign and as a vital tool in shortening the war. Mr. Lehman added that the groundwork for cooperation between military authorities and the civilian relief agency is now laid.

Construction Contracts Awarded For April

Construction contracts awarded in the 37 eastern states during the month of April amounted to $303,371,000, according to F. W. Dodge Corporation on May 21. This figure represented declines of 11% from the preceding month and of 39% from April of last year. The report also had the following to say:

"Last month's construction total represented mixed trends. Heavy engineering contracts, amounting to $127,723,000, were 4% ahead of March and 25% greater than the contract total for April 1942. Residential building contracts, amounting to $79,434,000, increased 11% over the preceding month, but declined 51% from April of last year. Heaviest decline was registered in non-residential building contracts, due to a drop in the manufacturing plant contract total from $145,064,000 in April 1942 to $40,652,000 last month. New industrial plant construction has been tapering off since the peak was reached last September, when the War Production Board announced that emphasis in 1943 would be on production of war materials rather than construction of new facilities. In spite of this curtailment, it is generally understood that there will be continuing needs for certain specialized types of new plant facilities.

Photostat And Blueprint Operators Needed By Govt.

To have readily available photostat and blueprint operators to replace those being inducted into armed services, the U. S. Civil Service Commission is accepting applications for Federal employment from persons with appropriate experience or training. Women are being placed.

The Commission's announcement states:

"Positions are in Washington, D. C., only and pay $1,752 a year, including overtime pay for the present 48-hour week. At least three months' experience or 80 hours' training in photostat or blueprint work are required. Those receiving training in such work may apply and receive provisional appointments prior to completion of the course.

"There are no age limits. No written test is required. Full information and Application Form 60 are available at first- and second-class post offices, Civil Service regional offices, or the Commission in Washington, D. C. Applications should be sent to the Commission's Washington office, and will be accepted until the needs of the service are met.

"Persons using their highest skills in war work should not apply. Appointments to Federal positions are made in conformance with War Manpower Commission policies and stabilization and controlled hiring plans."

FDR Asks $400,000,000 More For War Housing Says Funds Needed To Help Shelter Workers

President Roosevelt requested Congress on May 13 to increase the authorization for war housing by $400,000,000 in order to meet a portion of the needs of 1,100,000 workers migrating to war centers during the fiscal year 1944.

In identical letters to Vice-President Wallace and Speaker of the House Rayburn, the President pointed out that it is not the Government's intention "to house even a majority of these workers with Federal funds" and emphasized that private initiative will be allocated "as large a segment of the war-housing program as it possibly can produce under war conditions and war risks."

Mr. Roosevelt said that all phases of the war-housing problem should be looked upon "as part of a total and unified picture" and asserted that "no expenditure of funds can be too large if that expenditure is necessary to win the war, or to win it with a greater ecenomy in time and lives."

The President attached to the proposal a draft of a bill which, in addition to providing for an expansion of the Lanham Act from $1,200,000,000 to $1,600,000,000, would accomplish "certain other highly desirable amendments."

The text of President Roosevelt's letter follows:

"Since last I communicated with the Congress on the subject of war housing in May, 1942, much has happened in the war and much has happened in housing.

"It is a noteworthy fact in relation to the whole war effort that under the existing war housing program more than 3,000,000 workers in intense war production have been provided or are being provided with necessary shelter. In addition to placements in existing structures, the present program embraces more than 1,500,000 units of construction, approximately twice the total volume of homes built in the United States in a better-than-normal building year. The size of this program, founded as it is upon minimum absolute needs, affords some measurement of the disastrous impairment of war production that would confront us if war housing were not provided in sufficient volume and on time.

"It is hard to build houses in time of war. It is even harder in time of war to combine the building of houses with maxmum economy in the use of men, money and materials. It is therefore encouraging to know that more than half of the necessary war housing accommodations thus far projected is being provided through the more effective use of existing structures; that another substantial portion is being attained through the prudent and economical repair, enlargement or "conversion" of existing dwellings so that they may shelter additional war workers; that only about two-fifths of the need is being supplied by new construction; and that more than one-fifth of this new construction is being financed with private funds.

"Housing used to be divided among several agencies and several programs. Today, as a product of the reorganization and unification of the housing agencies fourteen months ago, the National Housing Agency is pursuing one unified housing program under which all of our housing resources and techniques are being focused upon the winning of the war. There is no room now for any kind of housing but war housing.

"I have been particularly gratified to see that this new spirit with regard to housing activities pervades the Congress. Certain recent and interesting reports of investigatory Congressional committes have emphasized in a most striking fashion the acute continuity of the need for even more war housing in specified critical areas. Generally speaking, proposals in the Congress for the effective use of our manpower are linked with proposals for the adequate provision of war housing wherever needed.

"The war is not over. War production and the employment of men and women in war plants have not reached their peak, even where the plants are completed. The constant rearrangements in the nature and disposition of our total working force, produced by the increasing inroads of Selective Service, develops gaps that must be filled in part by the migration of women and older workers, and consequently intensify old needs or develop new needs for war housing.

"Even after making every reasonable allowance for the use of local labor supply, including the training of new types of workers, the best estimates indicate an in-migration of 1,100,000 war workers into areas of war production activity during the fiscal year 1944. These workers must be housed or they cannot do their job.

"It is not proposed to house even the majority of these workers with Federal funds.. Almost two-thirds of them will be taken care of by placement in existing structures, and a large part of the balance will be served by privately financed construction encouraged and insured by the Government. The Congress will recall that to serve workers in-migrating during the fiscal year 1943 it recently increased the authorization of one branch of the national housing agency to insure private investment in war housing construction by $400,000,000.

"Likewise, it is contemplated that recommendations for additional authorizations for private financing will be forthcoming, to serve a large portion of the workers who will in-migrate during the fiscal year 1944. This further expansion of private financing will maintain and confirm in the war-housing program the principles which point toward maximizing our utilization of existing resources, and particularly the resources of small enterprise, during the war. We are allocating to ment of the war-housing program private initiative as large a seg- as it possibly can produce under war conditions and war risks.

"But in order to meet that portion of the needs of 1,100,000 workers migrating to war centers during the fiscal year 1944, which can not be met in any other way, some publicly-financed war-housing construction is essential. The main vehicle for this purpose has been the Act of October 14, 1940, as amended, known as the Lanham Act. The funds under this act, and under other acts to provide war housing, are practically all committed to serve needs arising during the fiscal year of 1943. I am therefore suggesting to the Congress at this time the enactment of legislation providing an increase of $400,000,000 in the authorization contained in the Lanham Act, as amended. A substantial portion of these funds will be returned to the Government in the form of rents during the emergency and realizations thereafter. In making this recommendation, I am sure that the Congress and the National Housing Agency will continue to look upon all phases of the war-housing problem as part of a total and unified picture.

"No expenditure of funds can be too large if that expenditure is necessary to win the war, or to win it with a greater economy in time and lives. But I cannot refrain from pointing out how small a fraction of the cost of the war is involved in all the appropriations of money and use of materials for war housing, particularly when measured against the contribution which the shelter of war workers is making toward the winning of the war.

"If the total outlays for war housing were regarded as part of the cost of the plants in which the workers produce, or the cost of the munitions and war implements which they fabricate, these outlays would shrink to very minor proportions in this proper perspective. But the cost to the war effort, in delay and blood and treasure, if decent and sufficient shelter were not provided for those who produce, would be beyond calculation.

"In view of the urgency of the need for more war housing now, I suggest that the proposed expansion receive the earliest consideration of the Congress. There is attached draft of a bill which, in addition to providing for an increase in the amount authorized, would accomplish certain other highly desirable amendments in existing legislation.

"Respectfully,
"FRANKLIN D. ROOSEVELT."

Church Pension Fund Affiliates Directors

The recent election of Robert Hallowell Gardiner as a Director of the Church Life Insurance Corporation has been announced by Bishop Cameron J. Davis, President of the Corporation, which is a wholly owned subsidiary of The Church Pension Fund of the Protestant Episcopal Church. Mr. Gardiner, who is a trustee of the fund and President of the Fiduciary Trust Co. of Boston, was elected to fill the vacancy created by the death of Frank L. Polk. No action has been taken as yet to fill the vacancies created by the death of J. P. Morgan, who was a Director and Treasurer of the Corporation, and the death of William Fellowes Morgan, who had been a director of the corporation since its inception in 1922 and a former President of The Church Pension Fund. It was also announced that, at the same meeting, Allen Wardwell, a director of the corporation, was elected Vice President to fill the vacancy created in that office by the death of Mr. Polk. Mr. Wardwell is also a Vice President of The Church Pension Fund. The announcement issued by the latter on May 7 also said:

"The Right Rev. Oliver J. Hart, D. D., Bishop Coadjutor of the Diocese of Pennsylvania, was elected to the Board of Directors of The Church Properties Fire Insurance Corporation, another wholly owned subsidiary of The Church Pension Fund of which he is a trustee. This election was also for the purpose of filling a vacancy created by the death of Mr. Polk and announcement of his election was made by Bradford B. Locke, as President of the Corporation, who stated that no action has been taken as yet to fill the vacancies created by the deaths of J. P. Morgan and William Fellowes Morgan on the Board of Directors of that Corporation.

"According to their latest statements filed with the Insurance Department of the State of New York, the Church Life Insurance Corporation, which deals only with the clergy and the active lay workers of the church, has insurance in force of $28.000,000 with assets of $6,967,226, and The Church Properties Fire Insurance Corporation, which insures only the property of the Protestant Episcopal Church, has $107.000,000 of insurance in force with assets of $745,627, of which $659.284 is capital and surplus. Both Corporations are administered solely in the interests of the church and under the control of the Trustees of The Church Pension Fund.

Kilgore Bill Threatens Government Monopoly Of Industrial Research, NAM Warns

Industrial research for post-war progress is threatened far more by Government monopoly than by private monopoly, the National Association of Manufacturers warned on May 14 in an analysis of the Kilgore bill to establish a Federal office of Scientific and Technical Mobilization, pending in the Senate.

"Coordination of all research by Government for war purposes is essential and proper, but permanent socialization of research—the basis of our competitive economy—would be equivalent to a negotiated peace in which we give up our way of life and accept our enemies' philosophy of government monopoly," declared James D. Cunningham, President of Republic Flow Meters Co., Chicago, Ill., and Chairman of the NAM Committee on Patents.

"Without free competition and the profit motive as an incentive to the creation and development of new products and services, we could safely prophesy the end of America's industrial supremacy," he said, and he added:

"Keen rivalry among industry's 2,300 research laboratories and among thousands of companies to find and develop new and better products is eloquent proof that private monoply does not exist in this field of American endeavor. A proposal from a small but aggressive minority to concentrate in the hands of a single government official complete control of all research, invention and engineering development is a threat of dangerous government monopoly."

The NAM analysis, a pamphlet titled, "Shall Research Be Socialized," says that the Kilgore bill "presents a comprehensive plan for the most ambitious project to socialize industrial research and technical resources that has ever been proposed in the United States Congress."

It likewise states, "the effect of the measure would be to authorize the complete socialization of all forms of property, plans, methods, technical information and 'know how' of all industries and all personnel devoted to scientific and technical effort. It would hopelessly confuse the relation of all various departments of the government devoted to the prosecution of the war by reorganization of their relations to one another and to the proposed Administrator. Finally, it would create the most despotic authority given to a single officer, and by vague and indefinite phrases it would enormously expand the enormous power conveyed.

"The bill is directly opposite to the constitutional provision for patents which grants to **inventors** 'the exclusive right to their . . . discoveries.'

"The Office of Scientific and Technical Mobilization would be provided with means by which it may acquire complete information regarding projects and developments underway by industry as well as independent inventors. It could then destroy the fruit of the labors of those from whom the information was acquired by having the government itself develop or turn the project over to someone else to develop, thereby vesting the completed invention in the Office. No redress would be available to the one who originally furnished the data on which the invention was developed.

"It provides not only for piracy of inventions but it lays claim in advance on the inventors' unborn brain children.

"This provision for the vesting of exclusive rights in the Office ignores the incentive given to inventors by the Constitution to encourage invention, and also ignores the incentive given to speculative capital and industry to develop new enterprises which is now provided by the grant of exclusive rights in inventions for a limited time.

"The bill would withdraw from the Alien Property Custodian the powers which he has and presently exercises over patents and inventions.

"The measure ignores the existing cooperation of scientific and technical organizations now freely at the service of the government and cooperating with the Army and Navy."

President Is Asking $72 Billion For Army

President Roosevelt asked Congress on May 20 to appropriate the record sum of $71,898,499,700 to operate the War Department in the 1944 fiscal year. The request was contained in a letter addressed to Speaker of the House Rayburn. The funds asked for are greater by $6,000,000,000 the estimate submitted by the President in his budget message last January—the aircraft production program representing the principal factor in the increase.

New appropriations amounting to $59,425,586,500, and reappropriation of unobligated balances totaling $12,472,913,200 are contained in the revised estimates. This includes funds for pay, food, clothing and equipment for more than 8,000,000 persons in the Army, including 375,000 members of the Women's Auxiliary Army Corps.

This sum, it was said, would provide "for every foreseeable need for the military establishment during the forthcoming fiscal year," which begins on July 1.

The White House statement indicated that "ample funds are provided for overseas construction, including facilities to meet the needs of the rapidly expanding Air Transport Command in its operation of ferry routes throughout the world, and construction in theaters of operation." "Military construction in the United States will be much smaller than in recent year," it was added.

A summary of the new appropriation request follows:

Pay and travel, $12,305,686,000; subsistence, $2,487,641,000; clothing and equipage, $1,894,038,000; transportation, $1,556,839,000; Signal Corps, $4,658,898,000; air force, $23,655,481,000; medical department, $455,112,000; engineer service, $2,576,404,000; ordnance department, $8,038,925,000; chemical warfare service, $342,260,000; manufacturing plant facilities, $749,000,000; miscellaneous, $705,302,500.

President Asks $5 Billion More For Naval Aviation

President Roosevelt on May 10 asked Congress to provide $4,934.725,000 cash and a contractual authorization of $9,000,000 for naval aviation in the fiscal year starting July 1.

United Press Washington advices further reported:

The request brings to $6,574,725,000 the total funds requested for the Navy's Bureau of Aeronautics for the fiscal year of 1944. Mr. Roosevelt previously had asked $1,640,000,000 for the bureau.

The Bureau of the Budget said the purpose of the new request was to "provide additional requirements for the prosecution of the war."

The President also requested $10,696,880 for the division of central administrative services of the Office of Emergency Management for fiscal 1944, and a supplemental appropriation of $307,700 for the Federal Security Agency's public health service.

Bright Post-War Future Seen By Schram If We Face Economic Problems Intelligently

In an address before the Commonwealth Club at San Francisco last month, Emil Schram, President of the New York Stock Exchange, expressed the belief that America faces "an era of peace and plenty, of progress and prosperity" in the post-war world "if we will recognize our problems and face them with intelligence and determination."

Pointing out that this a fruitful, productive world, Mr. Schram declared that "only a stubborn disregard for facts and a lack of appreciation of the simplest of economic laws can prevent the people of tomorrow from having the highest standard of living ever enjoyed by any age."

Saying he was not at all positive in his opinion regarding the post-war world, Mr. Schram began with the assumption that "economic and political isolation is dead except in the minds of a few people." He explained that "after having poured out blood and tears and treasure to correct the past errors of isolationism and super-nationalism, it would be disastrous if we abandoned the rest of the world to its own devices and to the dangers which those devices and their consequences have brought upon us in this tragic hour."

The Stock Exchange head went on to say that the first international problem is to restore order in Europe and Asia, asserting that the task will be a difficult one in the western part of Europe but "we must fully share" the responsibility. As to Asia, Mr. Schram said the situation may not be as difficult but it is dangerous, since it will take more than the defeat of Japan to satisfy the restless aspirations of the teeming millions of the Far East. Expressing the view that Japan "will cease to exist as an industrial nation," Mr. Schram went on to say:

"In the Orient, a rich world awaits developments. If the resources of China, India and the islands of the sea are developed, the market for American goods will be multiplied. As Asia pays in kind rather than in money for the American products which she will need, the American standard of living, in turn, may be lifted to undreamed levels.

"Such a concept of America's role in world affairs means, of course, that this country must be realistic and practical in adjusting problems involved in the exchange of goods. If we would sell to Europe and Asia, we must also buy.

* * *

"It is a most healthful thing that the matter of tariff policy no longer is the line of cleavage between our two great political parties. With the tariff out of partisan politics, the world may well breathe a sigh of relief.

"A third great international problem involves methods of making American investments abroad. To date, Americans have not had experience enough for an enlightened concept of the economic and political functions of a creditor nation such as the United States inevitably must become.

"A sound concept, as Britain long has recognized, is that foreign investments, to be successful both for the creditor and the debtor nation, must be more or less permanent. Our funds cannot be invested abroad on a short-term pay-me-back-in-money basis. To a large extent they should be equity commitments—ownership, and, to a lesser extent, loans.

"In this connection, I visualize the formation of foreign corporations by American investment bankers, and the listing of the securities of these companies on the New York Stock Exchange and other exchanges. This probably will mean a great expansion in the number of shares and amount of bonds listed in our markets. It may mean that the New York Stock Exchange list, in the future, will look more like the London and Amsterdam lists.

"In the future, we may read on the financial pages of our newspapers about the strength in the China textiles and essential oils, the weakness in German chemicals, the rise in South American rails and utilities, the boom in Australian golds and the dividend outlook for Dutch East Indies rubber, tin and oil stocks. Some of the new issues might have names like Pacific Airlines, United China Stores, Japanese Refrigerator, Queensland Packing, Philippine Sugar, Asiatic Rubber, International Tin and African Copper.

"Presumably, some of the new foreign securities will sell on a high yield basis. Certainly, they will involve speculative risks; but I visualize a new generation which will be avid for risks in new romantic lands—not a generation of weaklings engaged in a vain quest for passive security sponsored by government. In the post-war economy, society will be disposed, I believe, to reward rather than hinder the risk-taker.

* * *

"Reducing the argument for post-war prosperity in America to its simplest terms, this country at the end of the war will be bare of goods but will have a greatly enlarged capacity to produce. The common people of the land, because of their large war savings will have accumulated a vast buying power, and therefore should be able to possess the things they want. Taxes, although higher than in the late 30s, will be much under the wartime level. Business, if present trends continue, will operate in a more congenial political climate. The technological developments induced by the war will give us numerous new industries. After a victorious war, new foreign markets should be opened. The emphasis will be on production and more production, and no longer on limiting the output of either farm or factory. This is a pleasing prospect.

* * *

"The problem of reemployment will not be solved overnight, and it can be solved only through the careful cooperation of Government and business. We should be better prepared to reconvert to peace than we were prepared to convert to war; and you will remember that before Pearl Harbor we already were operating extensive war plants. We should begin to convert to peace while the war is still in progress. It is gratifying to note that we already are making a small beginning in this direction, but much more needs to be done, and quickly. To the extent that war requirements will permit, the Government should begin now to release materials and supplies with which our industries may get their conversion to a peacetime basis under way without lost motion. As machine-tool producing capacity can be released from the war effort, industry should be encouraged to begin to tool up for the products of peace.

"We should not too quickly abandon the distasteful practice of rationing scarce civilian goods. If, because of ill-directed popular pressure, restraints on an immense surplus of cash are permitted to relax, we are likely to have a runaway advance in prices even more devastating than that which occurred after the first World War. Such a development would retard the post-war recovery and inevitably lead to a deflationary correction, the aftermath of which might be anti-profit phenomena with fresh threats to free enterprise and a further extension of government."

* * *

As to the Federal Government's estimated $10,000,000,000 title to plants and properties engaged in war production and operated by private corporations, Mr. Schram said that this involves either a problem in orderly liquidation or an incipient socialistic trend of challenging significance. In part, he said:

"How and when this Government plant is disposed of will have a highly important influence on investment and business confidence in the first five years after the war. Probably it will be impossible for the Government to liquidate its investment without substantial losses; and there may be a reluctance to take those losses. It should be remembered, I think, that the Government was forced to make these commitments because private industry in many instances was unwilling and unable to take the risks incident to them—especially if profit-margins on war work were to be censored and excess profits tax rates were to be so high. It should also be kept in mind that the plant was built for war purposes and that much of it may be worth comparatively little for anything else.

"There are many different situations to be met in selling or dismantling this Government investment. A small part of it, of course, can be held permanently for war purposes. Some of it can be sold at below cost to the private corporation which has been operating it, and later converted to the pursuits of peace. Some of it will have to be regarded as worth only its physical salvage value. Here and there may be units which can be sold to others. But the Government, in almost every case, should be prepared to take the loss as an expense of war. Had the plant been built by private enterprise, similar losses would loom for the corporations.

"I hope that the Government speedily will get out of the business of owning and leasing plants and machinery. I feel that the leading industrial corporations will want to buy these plants, not only because they will be reasonable in price but also because they will want to help eliminate the threat to private enterprise. Some of the Government-owned plants and equipment may be purchased by private industry through the sale of common or preferred stock to be listed and traded on the New York Stock Exchange."

Robbins And Peabody Quit Treasury War Loan Posts

Secretary of the Treasury Morgenthau announced on May 17, with regret, that William M. Robbins and Stuart Peabody, who have been serving, respectively, as National Director of Sales and Head Advertising Specialist for the Second War Loan, were returning to private business effective May 19.

At Secretary Morgenthau's request, Mr. Robbins and Mr. Peabody will continue to serve the Treasury as consultants in its bond-selling activities. Expressing his appreciation of their services, the Secretary said:

"I want to express my thanks and the deep appreciation of the Treasury Department for the very fine and effective work done both by Mr. Robbins and by Mr. Peabody in the Second War Loan drive. They contributed greatly to the success of the campaign, and I am happy that they have consented to give us the benefit of their experience in connection with future drives."

Mr. Robbins has been on leave as Vice-President of the General Foods Corp. and Mr. Peabody will return to his post as Director of Advertising for the Borden Co.

Important Role In Post-War Housing Field For Life Insurance Funds Seen By Johnson

Declaring that slum clearance or urban rehabilitation and new housing constitute one of the nation's foremost opportunities for social-economic advancement in the years immediately following the war, Holgar J. Johnson, President of the Institute of Life Insurance, told the Cleveland (Ohio) Association of Life Underwriters on May 13 that life insurance funds can play an important role in the elimination of blighted urban areas and the provision of modern housing for families in the low- and middle-income groups living in American cities. Mr. Johnson said:

"This work will not only benefit the large number of families who are housed inadequately today, but will provide employment to millions of persons in the post-war readjustment period. It is one of the most effective ways to create mass employment and aid the full employment program in the post-war days."

The pooled savings of life insurance policyholders represent one of the principal sources of money available in the country for these essential projects where they qualify as sound investments, according to Mr. Johnson, who also pointed out that the elimination of blighted urban areas and the creation of good homes at low rental or low purchase cost are problems faced by cities in all sections of the country and represent overall a post-war job which will "reach staggering proportions and prove of great social and economic benefit to the whole nation." In his remarks he also stated:

"It has been estimated that the backlog of needed housing may reach 15 or 20 billion dollars by the end of the war, representing better housing for millions of Americans. If the nation is to merely catch up on the essential housing, delayed first by the depression years and then by the war, there will probably be a need for five or six billion dollars of new building each year for four or five years after the war.

"Such a huge program requires planning well in advance and cooperation between private agencies and Government agencies. Since slum clearance and large-scale housing projects often involve actual ownership and operation by the financing groups, which is a change in present practices of most life insurance companies, the program may require legislative action to make generally available the authorizations under which the insurance companies can carry out large-scale housing projects. The traditional role of life insurance companies, of course, has been in mortgage financing, and this will continue to represent a major sphere of activity in the future.

* * *

"The life insurance companies are keenly interested in the opportunities inherent in this housing program and they also will be seeking new spheres of activity for policyholder funds after the war. These funds, the record shows, have always been responsive to the essential financing needs of the nation, having contributed needed capital to the railroads, to the light and power production, to manufacturing industry, and to the financing of farms and improvement of city real estate. When the Government's financing needs became paramount, first during the depression and then under the war program, life insurance funds were directed into Government bonds. In the first four months of this year, for example, American life insurance companies put $2,200,000,000 into U. S. Government bonds.

"As housing will be one of the prime post-war activities, these policyholder funds seeking new outlets should find productive and socially useful employment in this field. Gauged by past experience, it is entirely possible that the total of life insurance funds flowing into mortgage financing or direct housing projects in the early post-war years may reach billions of dollars. Whatever the figure may be, one thing is certain: Life insurance policyholders' funds can help provide jobs and help meet the slum clearance and housing problem of our cities, and will make, in this way, a significant social-economic contribution to the post-war readjustment program of the nation."

Seized Axis Stock To Be Sold In Few Months

The Alien Property Custodian's office disclosed on May 22 that an estimated $500,000,000 worth of Axis properties seized by the American Government since Pearl Harbor will be sold within the next few months, said Associated Press advices from Washington on May 22, which added:

Alien property experts and officials of the Securities and Exchange Commission are working out details of plans to "Americanize" about 150 formerly German, Japanese and Italian holdings by offering them for sale to citizens of this country.

Private investment banking channels and underwriting syndicates will be used, according to present plans, to distribute to American investors the Axis stock now held by Leo T. Crowley, Alien Property Custodian.

Under present plans, the proceeds realized from the sales will be held by the Treasury until after the war, when a decision will be made as to their disposition.

April Truck Freight Volume 20% Over 1942

The volume of freight transported by motor carriers in April decreased 2.1% under March, but held 20% over April, 1942, according to reports compiled and released on May 23 by the American Trucking Associations.

Comparable reports were received by ATA from 185 motor carriers in 38 States. The reporting carriers transported an aggregate of 1,332,795 tons in April, as against 1,361,116 tons in March, and 1,110,406 tons in April, 1942.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 199.58.

Almost 88½% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category showed a 2.4% decrease under March, and a 20.2% increase over April of last year.

Transporters of petroleum products, accounting for 6% of the total tonnage reported, increased 8.6% over March and 31.1% over April, 1942.

Haulers of iron and steel products reported almost 3% of the total tonnage. The volume of these commodities showed a decrease of 1.6% under March, but held 15% over April of last year.

A little more than 2½% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class decreased 11.3% under March, but showed a slight increase of 1.7% over April, 1942.

Political Principle Must Be Base For Economic Reconstruction, Says Sir Norman Angell

Reverting to the reconstruction efforts made during the last war, Sir Norman Angell, member of the British Labor Party, in an address at the annual meeting of the National Industrial Conference Board in New York yesterday (May 26), stated that no one old enough to recall those efforts "can forget with what optimism we approached that task of reconstruction and what great expectations we had formed of the outcome. You know, we know, the years of the depression have taught us, of the tragic anticlimax." He suggested "that if we are to avoid a similar tragedy of reconstruction going to pieces, we have to examine the nature of the mistakes we made, how our failure is explained. Because if we don't, we are quite capable of making the same or similar mistakes again, and failing again."

According to Sir Norman, who was winner of the Nobel Peace Prize in 1933, "the foundation of any economic reconstruction will be a political foundation." He went on to say:

"A political foundation means in plain language some dependable arrangement by which aggression, war-making, from any quarter shall be prevented. That of itself, of course, though indispensable, of course, is not enough. Perhaps we don't always distinguish between what is indispensable and what is enough. The foundations are not the house, and you cannot live in foundations, but neither can you live in a house built upon rotten foundations. The economic house which we tried to build after the last war had foundations in political quicksands. It never in fact got built because the sands were shifting, and such of it as we did manage to construct came all tumbling about our heads within a couple of decades.

"The political principle which must constitute the foundation of economic reconstruction is not after all very complicated, however difficult its practical application may be at times. We must recognize that survival, self-preservation as nations, defense, is the first thing we have to insure. We now know—or ought to know—that that defense must be collective; based on **common** action against aggression, or it cannot exist at all. If we will not hang together for the purpose of resisting aggression, then we shall be hanged separately by any criminal minority that plans to pick us off one by one. It is precisely what has happened to the nations of continental Europe and what would have happened to Britain if she had not changed her policy in time and recognized the profound truth, which lies at the basis of all peace, that if we are to defend ourselves we must be prepared on occasion to defend others. She decided in March, 1939, to undertake the defense of Poland. If she had adopted that principle 20 years earlier in the case of France, eight years earlier in the case of China, five years earlier in the case of Ethiopia. there would have been no second World War.

"This time we must make the political foundations sufficiently secure so that our elaborate planning will not, just as it is getting under way, be all blown to pieces by some criminal 5% of the world that hopes to dominate the very divided and quarreling 95%.

"That, it seems to me, is the one lesson we have not yet perhaps sufficiently faced. It is the prerequisite for the success of the plans you have been elaborating. But there is another. . . .

"More than one historian has declared that no single factor was more responsible for the financial and monetary disintegration after the last war than what one economist has called the "running sore" of reparations during 12 years; the uncertainty which because of that unsettled question hung over all monetary and financial settlement and arrangement. . . .

"If the historians are right and the bungling on reparations did play a large part in producing the financial disorders of Europe, a sufficiently large part to account in some degree for the rise of Hitler, then the future historian will have to relate that European civilization nearly wrung its neck, owing to failure of the public to understand a point which could be made clear to any intelligent adolescent in half an hour.

"Is not this something of a reflection upon an education that is presumed to prepare us for democracy, for giving into the hands of millions the final word on these policies, economic, financial, monetary, which we have been discussing?

"I have selected out from a round dozen of fallacies which prevailed at the time of the last peace-making one of them, a political fallacy, the assumption that each could defend himself and let others go hang. That assumption has put 20 nations in Europe today under the heel of Hitler. I frankly doubt whether even today the average voter in most countries would accept the proposition that if we will not defend others, it is physically impossible effectively to defend ourselves. Yet, if that proposition is not accepted a third world war is inevitable.

"I doubt very much, taking the example of economic illiteracy I have selected, whether the mass of voters are prepared to accept the proposition that, if we will not buy the goods and services of others, it is an economic impossibility for those others to buy our goods and services. Both propositions are mere truisms, undeniable. They should be self-evident."

Civil Supply Office Set Up Within WPB

Donald M. Nelson, Chairman of the War Production Board, created on May 1 a new Office of Civilian Requirements and delegated to Arthur D. Whiteside, its head, full power to provide the civilian population with all necessary consumer goods and services except food, housing and transportation.

The new office is set up within the WPB and replaces the Board's former Office of Civilian Supply, headed by Joseph L. Weiner.

Stating that the new agency will have far more inclusive powers over civilian economy than the former Office of Civilian Supply, which it supersedes, the International News Service in advices from Washington said:

Its duties, as set forth in Mr. Nelson's administrative order include:

1. Formulating rationing policies over civilian goods and services.
2. Determining consumer requirements and allocating materials made available to meet them.
3. Consulting on price regulations affecting civilian economy.
4. Initiating programs to standardize civilian goods.
5. Determining the impact of manpower shortages upon essential consumer requirements and assisting the Manpower Commission in determining the relative essentiality of various goods and services.

In Washington Associated Press advices May 1, it was stated:

Mr. Whiteside, who is President of Dun and Bradstreet, Inc., was authorized by the WPB Chairman to determine rationing policies and to issue directives telling the Office of Price Administration when, where and how much goods are to be rationed.

Mr. Whiteside also received authority — superseding that of Rubber Director William M. Jeffers — to determine how much rubber should be allocated to civilians, and whether it should be used for tires, corsets or other goods, WPB spokesmen said.

Mr. Whiteside will retain the title of WPB Vice-Chairman in charge of civilian supply, conferred April 15. At that time his functions were not designated.

To consult with Mr. Whiteside and correlate civilian needs, Mr. Nelson also created a Civilian Requirements Policy Committee of Claude R. Wickard, Secretary of Agriculture; Price Administrator Prentiss M. Brown; Solid Fuels Administrator Harold L. Ickes; Defense Transportation Director Joseph B. Eastman and Paul V. McNutt, Chairman of the War Manpower Commission. Mr. Nelson named himself Chairman and Mr. Whiteside Vice-Chairman of the policy body.

The goods and services controlled by Mr. Whiteside do not include those handled by the War Food Administration, the National Housing Agency or the Office of Defense Transportation, because their jurisdiction was established by executive orders.

Although technically in the same category, Mr. Ickes has made an agreement with the WPB that Mr. Whiteside should handle civilian oil and coal requirements, which heretofore have been in his charge.

The objective of the new office, Mr. Nelson's order states, is to "provide consumer goods and services adequate to maintain the essential civilian life and the highest productive efficiency, to the end that the maximum productive hour of the civilian population may be attained in the support of the war effort."

"Consumer goods and services" were defined as including all products and services personally consumed or used by individual civilians, including repair parts and the operating supplies for household or consumer use. The term, however, does not include maintenance and operating supplies for equipment needed to produce civilian goods, such as textile machinery.

Mr. Whiteside received the power to require the WPB's industry division to carry out his orders. He also was authorized to review any WPB orders affecting any industry "to assure such orders give full consideration to civilian needs."

When it becomes necessary because of manpower shortage to determine which civilian services and goods are most essential, Mr. Whiteside is empowered to make the decisions and report them to the WMC.

Appointment of Mr. Whiteside was noted in these columns April 29, page 1597.

Hoyt Succeeds Cowles As OWI Domestic Head

Elmer Davis, Director of the Office of War Information, announces the appointment of Palmer Hoyt, publisher of the Portland "Morning Oregonian," as domestic director of the OWI, succeeding Gardner Cowles Jr.

Mr. Cowles resigned after a year's service to give attention to his several publications. He is President of the Des Moines "Register and Tribune," President of "Look Magazine", Vice-President of the Minneapolis "Star-Journal," and President of the Iowa Broadcasting Co.

Subsidy Plan For Food Under Consideration By Administration—Congressmen Protest Action

A two-billion-dollar-a-year Federal program for subsidizing the American cost of living was reported authoritatively on May 8 to be under consideration in high Administraton quarters, it was reported in Associated Press Washington advices that day, which said that the report followed the official announcement on May 7 that meat, coffe and butter subsidies will be made to support price ceilings in the Nation's stabilization fight on June 1. With respect to the proposed subsidy program Associated Press advices from Washington on May 8 also had the following to say:

Those subsidies will cost about $400,000,000 a year, according to unofficial estimates. The $2,000,000,000 program reported under study was said to include plans for subsidizing canned fruits and vegetables and a long list of other foods—but nothing except foods.

The first program, announced by Price Administrator Prentiss M. Brown, is aimed to force a 10% cut on June 1 in the retail cost of beef, veal, pork, lamb, mutton, coffee and butter. It will be financed by the Reconstruction Finance Corporation, through one of its subsidiaries, under what officials said was a specific authorization contained in last October's price control act.

Flat payments of a cent or more per pound will be made to meat packers, butter manufacturers and coffee companies for their products, on condition that they cut their prices according to the program. In adopting this plan the Government rejected a proposal to buy direct from producers and resell at a loss to processors.

Despite the "conditional" implication that the program might operate on an optional basis, the unofficial consensus was that it would be compulsory throughout, with the penalties provided under the price control act. Officials, however, declined to discuss this phase of the plan immediately.

With few details of the program yet available, Mr. Brown predicted reduction would trim three cents a pound off present prices of beef and veal, four cents a pound off pork, four to five cents a pound off butter, and about three cents a pound off coffee. No estimate was given on lamb and mutton.

The Administration has discussed the subsidy possibilities for more than a year, but, with few exceptions, little has been done on them up to now—due largely to Congressional opposition. That opposition still showed today as some officials and legislators indicated that they doubted whether the larger program in prospect would be adopted without specific authority from Congress.

By subsidies, these experts claimed, the Government could at one time satisfy claims of producers, workers and consumers. and—according to their economic theories—it would "cost nothing." The idea that subsidies "cost nothing" was based on their theory that it makes no difference to the public whether it pays out money in taxes or in higher prices.

Associated Press advices from Washington on the same day noted the reaction of Congress to the plan as follows:

Administration's plan to use subsidy payments to cut retail food prices drew angry protests today from surprised members of Congress, along with intimations of legislative action to halt the move.

Influential lawmakers said the Reconstruction Finance Corporation, previously denied by Congress the subsidy authority to be exercised now, would receive a cool reception if and when it sought additional funds.

Bluntly asserting that the action would "harm rather than help" the war effort, Chairman Cannon of the House Appropriations Committee expressed belief that the act creating the RFC could be amended to ban subsidy payments.

"Certainly," he told reporters, "when Congress has repeatedly said an emphatic 'no' to requests for funds for a subsidy program, money voted for other purposes should not be used for it. The universal disapproval on the hill would indicate that if there is a recourse against this move, it will be taken."

From Representative Taber, the Appropriations Committee's ranking minority member, came the declaration:

"This is the most inflationary thing they could do. It is the reverse of a sales tax at a time when a sales tax is needed to curb inflation."

"Roll back prices," he added, "and people, with their increased purchasing power, will buy much they don't need. I never warm up to these subsidy programs because they just pile up debt. I don't know how far the President can go without coming to Congress for more money."

Representative Dirksen, a leader of the farm group, predicted a Congressional effort to block the subsidy program, and argued that "once you start subsidy programs, you can never stop them."

Chairman Steagall recalled that the House Banking Committee, which handles RFC legislation, had rejected an amendment setting forth a similar plan "when it was offered under the guise that it would increase production."

"The FC doesn't have to come to Congress right away for funds, perhaps," he said grimly, "but sooner or later, they will have to come up here for an appropriation."

Representative Monroney, another member of the Banking Committee, said:

"Any program for a subsidy should have the specific authorization of Congress, and it would be a mistake for the Administration to try to put it into effect without obtaining that authorization."

Contending that the plan was "not legal," Representative Sumner argued that "there is serious doubt as to whether a subsidy program would get the production needed, and it boils down to a question of whether we want food or low prices."

Chairman Fulmer of the House Agriculture Committee said he opposed the plan because "the processors, and not the producers, are to get this money—inasmuch as they are unwilling to give the farmer anything, I'm against the other fellow getting it."

"They'll never 'hold the line' with the present tactics," he contended. "They have started in the middle, not at the bottom, and eventually it will all blow up."

Representative Halleck, ranking minority member of the House Small business Committee, termed the most "unsatisfactory, just the path of least resistance."

"This is the most dangerous thing they could do," said Representative Engel, a member of the Appropriations Committee. "By subsidizing the processor, you are just doubling the inflationary gap between income and the available consumer goods."

New Cotton Exch. Member

Robert J. Murray, President of the New York Cotton Exchange, announces that Erich Koenig of Mexico City was elected to membership in the Cotton Exchange at a meeting of the Board of Managers. Mr. Koenig is President of Sociedad Financiera de Industria y Descuento, S. A., Mexico City, and a member of the Chicago Board of Trade.

Concluding Portion Of Dr. Anderson's Address Analyzing Keynes And Morgenthau Plans

In addition to the summary (given in these columns May 13) of the address of Dr. Benjamin M. Anderson, in which he analyzed the Keynes and Morgenthau Foreign Exchange Stabilization plans, we gave the first part of the text of Dr. Anderson's address in full in these columns May 20, page 1884, and now give the remaining portion of his speech. The summary appeared on page 1755 of our May 13 issue.

The last part of Dr. Anderson's address follows:

The Keynes and Morgenthau plans, if carried through, would repeat this episode, on a vaster scale. We should pour American dollars into the international fund which it would use in supporting the exchanges of all weaker countries. We should export goods. We should have a boom based on the export of goods. We should finally "get fed up" with the drains on our dollars. We should cease to supply the unlimited dollars. The fund would deteriorate. The exchanges would crack. The exports would drop violently, and we should have another crisis of 1920-21.

The Keynes-Morgenthau plan puts the cart before the horse. It strikes at the symptom. It does not deal with the fundamentals.

Keynes and Morgenthau versus The Red Cross

Now we must recognize frankly that there will be countries on the Continent of Europe so stricken, so demoralized after the war that they will have no credit with which to buy goods, and that we and other countries which have surpluses must engage in an immense act of charity to help keep them alive. We should do this by Red Cross methods and on Red Cross lines. We should not call it loans, because we shall not get the money back. We should call it gifts and charity. We should know exactly what we are doing and we should mark it off our books forthwith.

We should limit the amount of it. We cannot feed the world. We cannot support the world. We can help. In every country, from the beginning, the government *should be encouraged to be responsible*, and their own people should be expected to do the main job. Of course the standard of life in Europe will be low when the war is over. Anyone who supposes that the world can go through the devastation of this war, and come out with a high standard of life, is dealing in fantasies.

The Keynes-Morgenthau plan would make Red Cross work unnecessary—for a time. The weakest and most devasted of the Continental countries would have its quota in the international exchange stabilization fund. All countries would start with drawing power upon this fund. Under these circumstances the Finance Minister of each country would feed his own people instead of calling on the outside Red Cross. He could do it by printing bank notes, and while the quota lasted no Red Cross would be needed.

I would say that even in giving Red Cross aid to a stricken country, we should make strong representations to the governments of those countries directed toward the rehabilitation of their internal finances and currencies. Gifts, as well as loans, should do the recipient permanent good.

Both Keynes and Morgenthau Plans Put the Borrowers in Control of the Lending

Both the Keynes and Morgenthau plans put international lending into the hands of the debtors.

The one great country which will be in a position to extend credits in the postwar period will be the United States. Some other countries, as Sweden, Switzerland, and the Argentine may be in a position to give some credits, but the majority control of the fund would be in the hands of the debtors, including Great Britain, even though the Morgenthau plan reserves a veto on certain points for the United States. Strong and weak alike, debtor and creditor alike, pool their resources **and the debtors decide how to lend them.** Now this, I submit, is an unnatural and an unsound arrangement in principle. If credits are to be safe, the creditor must be in a position to protect himself, and must be in a position to impose conditions that will make the credit safe.

When a would-be borrower is strong and in a good credit position he meets no unusual terms at his bank. Other banks would be glad to have the business. But when a borrower is weak and needs emergency help, a bank, if it lends at all, will make sure that there is such a reform in the borrower's position that the loan will be good and will do good. A bank, a majority of whose board of directors are impecunious debtors to the bank and all of whom are eager to borrow more, would very speedily become a ruined bank. It is this kind of bank which both the Keynes and Morgenthau plans would create.

We Should Do Our Own Lending

If we are going to lend to Europe in the postwar period, we should do it ourselves and not through an international institution. We should impose sound conditions to make the credit good. We should not impose selfish conditions. We should not impose capricious conditions. But we should impose conditions which will assure the return of solvency to the borrower, the balancing of the borrower's budget, and the stabilizing of his currency at a rate that can be maintained against gold. We may well make **specific gold loans** to put gold in the reserves of the central bank of the country we are aiding. We should simultaneously insist upon a money market policy in the country, including firm discount rates, which will protect the gold.

The gold standard itself is a powerful deterrent to excessive imports on the part of a country, and a powerful force working for an adequate volume of exports. Under the workings of the gold standard, an excess of imports tends to drain away a country's gold. The responsible central bank, obliged to redeem its currency in gold, thereupon raises its discount rate and restricts credit. The restriction of credit to importers checks their purchases of foreign goods. Imports are reduced. The restriction of credit to exporters hastens the sale of goods to foreign countries and compels them to make the necessary price reductions to get goods out.

Keynes-Morgenthau Plan Does Not Require Budget Balancing Or Firm Discount Rates

Now, both the Keynes and Morgenthau plans have some suggestions as to dealing with weak countries which are using up their quotas too rapidly, and general statements regarding appropriate measures which the fund may take, but neither of them says anything about balancing internal budgets and neither of them says anything about firm discount rates to protect a currency.

On the contrary, it is in the spirit of both plans to make these unnecessary, as the following two sections will show.

Both Morgenthau and Keynes Plans Are Cheap Money Plans

High interest rates are anathema to Mr. Keynes and high interest rates are anathema to Mr. Morgenthau. Our present government borrowing policy in financing a great war at rates of interest exceedingly low are made possible only by a constant expansion of bank credit. Money can be got at these low rates from the banks, but cannot be got from investors in adequate volume at these rates. The low rates of interest on bank loans, moreover, are made possible only by continuing purchases of government securities by the Federal Reserve banks themselves, enlarging the base on which bank expansion takes place. Our pre-war policy from 1933 on, following Lord Keyne's monetary philosophy, was of the same character. Bank expansion was to supply the government with money, and the banks had their reserves enlarged by Federal Reserve purchases of government securities, by United States Treasury purchases of silver, and by gold flowing in from foreign countries. Lord Keynes' objection to the gold standard, rests in large part upon the fact that it is a **restrictive** standard. He wishes bank credit to expand freely against government deficit borrowing, because he sees no other way to make prosperity and full employment. The gold standard **is** a restrictive standard. It operates powerfully to hold undue credit expansion down. It compels readjustment and liquidation when unsound tendencies exhibit themselves. That is to my mind one of its greatest merits. It is to Lord Keynes' mind its great demerit.

The Keynes and Morganthau plans both would create new currencies which would be **additional to gold** in the reserves of the central banks or of the various government treasuries. The liabilities of the international bank would function as if they were gold assets in the hands of the institutions which held them. They would relieve pressure on money markets everywhere, and remove or reduce the necessity for credit restraint through high interest rates.

International Rediscount Rate At 1%

Finally we have the remarkable circumstance in connection with both these plans that the international bank is to give its credit within the quotas without any charge at all and that when quotas are exceeded, it is to give its credit at a discount rate of 1%. Now this from the standpoint of the principles of sound central banking is utterly grotesque. A central bank should have its discount rate above the market rate. It should not make it possible for a member bank to rediscount in order to lend at a profit, and it should not give free credit at all. But here we have created a new central bank for the world, a new bank of rediscount for the world which, lending to central banks or government treasuries money which functions as ultimate reserve money, lends part of it at no charge and the rest at 1%. No more powerful instrument of world inflation could be devised. It would be an instrument for world inflation—an inflation which would move progressively until the stronger countries, alarmed at the quality of the fund, and alarmed at the inflationary phenomena within their own borders, ceased giving credit to the fund, pulled up, and cut their losses.

It is not to be expected that a fund constituted in this way, and managed by the debtor countries, would impose any adequate restrictions on fiscal deficits within the member countries, or require firm money rates within the member countries.

"Abnormal War Balances"

The term "abnormal war balances" as used in the Morgenthau plan is not defined. I am assuming that it has the same meaning as the term "abnormal balances in overseas ownership held in various countries at the end of the war" used in section 34 of the Keynes plan, wihch follows:

> "The position of abnormal balances in overseas ownership held in various countries at the end of the war presents a problem of considerable importance and special difficulty. A country in which a large volume of such balances is held could not, unless it is in a creditor position, afford the risk of having to redeem them in bancor on a substantial scale, if this would have the effect of depleting its bancor resources at the outset. At the same time, it is very desirable that the countries owning these balances should be able to regard them as liquid, at any rate over and above the amounts which they can afford to lock up under an agreed programme of funding or long-term expenditure. Perhaps there should be some special overriding provision for dealing with the transitional period only by which, through the aid of the Clearing Union, such balances would remain liquid and convertible into bancor by the creditor country whilst there would be no corresponding strain on the bancor resources of the debtor country, or, at any rate, the resulting strain would be spread over a period."

Another Hidden Purpose

We come here to one of the hidden purposes of the Keynes plan which our Treasury has swallowed whole, and for which our Treasury plan has worked out a definite solution. Lord Keynes is here proposing to transform Great Britain from the position of a very embarrassed debtor to the position of a strong and aggressive creditor, at the expense of the United States. What are these abnormal balances which debtors must not pay back to their owners, but which the owners are somehow going to be able to use as if they were liquid cash? How were they created? By what right can they be withheld from their lawful owners when the war is over? England is one great debtor of these balances. The United States are the other.

Britain's Embarrassing Blocked Debts

British banks held large deposits in sterling when the war broke out, due to foreign central banks in the so-called sterling area, i. e. the British Dominions on a sterling basis and Scandinavian and Baltic countries which had followed England off the gold standard and had chosen to let their exchanges fluctuate with sterling. They believed, as a matter of course, that they could sell their sterling balances at any time, expecting them to be transferable freely on the books of the British banks at the order of the owner of the balances.

These "abnormal balances" include refugee money. In part they represent gold that was sent by confiding outsiders to England to be sold in the British gold market for sterling. In part they are supposed to represent goods shipped to England, during the war, with payments made in sterling, but with the sterling balances subsequently blocked so that they could not be transferred.

I have been unable to get figures even approximating the exact amounts, and I find a similar inability to get any estimate on the part of a great New York bank. My impression is, however, that the volume of this has grown rather than diminished during the war, and that restrictions on foreign exchange transactions in England, and ever growing restrictions on the transfer of foreign owned balances from one account to another, have tied up these funds in great volume so that the outside owner cannot use them. He cannot get gold out of England for them. He cannot exchange them in England for the currency of his own country, and he cannot even sell them in outside markets for whatever figure they will bring. They are blocked.

Now we are similar holders, in much greater amount, of money which came to us for safety from Europe as Hitler's strength grew. Much of it came to us in actual gold. And much gold came to us under Gresham's Law after our **de facto** stabilization in early 1934. We had, to be sure, a very imperfect gold stabilization, but England had none at all, and gold left places which were more unsafe to come to a place which looked safer.

"Hot Money"

In the period from 1931 on there was a great deal of "hot money," nervous money, jumping about from place to place seeking safety. The origin of this money was in the excessive bank expansion of the 1920's. Bank balances had risen tremendously under the cheap money policy of the 1920's. Sterling had been over-expanded. The British banks had made loans which created new sterling deposits far in excess of what was justified by the gold reserve position of the Bank of England, and foreigners had got hold of these sterling balances because England had spent them abroad or had loaned them abroad. We had over-expanded credit in the 1920's, creating very excessive dollar deposits, and a great many of these were in foreign hands because we had made excessive dollar loans to foreign countries.

When the foreigner tried to cash in these excessive British liabilities for gold in 1931, England quit paying gold and went off the gold standard, but the balances remained on the books of the British banks and the balances even grew as gold came to England from India and other places to buy sterling when sterling went low. The excessive **amount** is due primarily to the excessive expansion of credit in the '20's. The **nervousness** of the funds is due to the deterioration in quality of this excessive credit, and to the abandonment of gold.

If, after the war, England removes exchange restrictions, and the owners of these balances are free to sell them for what they will bring, the fear is that sterling will break through to very low levels. The fear is that England will not have enough gold to protect sterling except at very low levels. The fear is that England will have to turn to the United States for financial aid, or may be obliged to deal with creditors whom she cannot pay, as an embarrassed debtor usually does. England is proud and does not wish to occupy this position.

The Fund to Take Over Britain's Debts

The proposal therefore in the Keynes and Morgenthau plans is that the international bank shall take over these abnormal balances for prolonged periods, and create new credits in bancor or unitas which the countries who hold these balances in England may use as liquid cash for international purchases. England, relieved of the pressure of these debts, would then be in a strong position. The proposal is further that the governments of the world shall unite to prevent capital transfers, making it somehow discreditable for creditors to want their money. And the proposal would put us, with our gigantic sums of gold, in the position of practicing the same thing, because we also hold these "abnormal balances."

By What Right Can We or Britain Refuse to Pay Our International Debts?

Now, I ask by what right the United States could refuse to pay in gold those foreigners who have trusted us with their nervous money, or those who have sent us their gold to escape Hitler? There is supposed to be a great deal of gold of the Bank of France in the United States. By what right could we withhold it from the Bank of France in a France under a government recognized by our government? By what right can England withhold the funds which came to her from the sterling bloc which she so encouraged after she left the gold standard? British financial writers have even scolded this sterling bloc. I quote the following from the London "Economist" of September 2, 1939, page 452:

> "The fall in sterling is an international as well as a domestic problem. Its international character has already been reflected in the realignment of currencies formerly adhering to the fairly compact sterling **bloc,** of which the details will be found in a subsequent note. All that need be said of the incipient disintegration of the **bloc** is that it is unfortunate in so far as it may be the prelude to increased exchange instability, but that from the point of view of sterling it is not an unmixed evil. For some years past the British Exchange Equalization Account had found to its cost that the adherence of certain foreign countries to the sterling **bloc** had been a factor of instability and not of strength. Many sterling **bloc** countries have panicked into and then out of sterling with the abandon of the most highly-strung speculator. Some of the hottest of London's hot money has consisted of the sterling reserves of the sterling **bloc,** and their partial disappearance will not be altogether a loss."

There are various comments to be made on this passage. One is that it is evidence enough that there is no stability in a currency unanchored to gold, and that the British Equalization has found this out to its cost for several years before the outbreak of the war. But the other is that it throws light upon the character of these abnormal balances which Lord Keynes and Mr. Morgenthau propose to relieve England of the necessity of paying.

Gold is supposed to have come to England after the invasion of Norway from the Central Bank of Norway, carried through the streets of Oslo in small amounts, and taken out in small ships. May England withhold this from the National Bank of Norway as an "abnormal war balance" when Norway seeks to resume her strength? Or may England force the National Bank of Norway to take instead of the gold a dubious credit in an international bank in terms of "bancor" or "unitas" for part of it?

The world will have great confidence in the long-run future of Great Britain when this war is over and we and Britain are victors. The world will show forbearance for England's financial difficulties if England faces them squarely. Let England pay those who have trusted her, if she can. If she cannot, let her tell her creditors the facts and let her ask their indulgence and let her make agreements with them.

We for our part are entitled to no indulgence whatever with respect to these abnormal balances. They belong to their owners. We have plenty of gold. We can pay them and we should pay them even if we tighten our money markets in the process.

Something must be done toward creating a new confidence in the world that great governments and central banks are going to respect their obligations and do their best to pay them. We must not create a great international financial machinery the purpose of which is to let bankrupts ride with heads high on the shoulders of the solvent.

Illiquid Assets for Central Banks

The provision of the Morgenthau plan goes into great detail for dealing with these "abnormal balances." Countries are to cooperate to prevent their being transferred, but the countries which own them may sell them to the international fund, and the international fund is gradually to be paid off up to 80% of these balances by the end of twenty-three years, at which time it will still hold 20% of them. The international fund is to get 2% interest on the balances it holds, one-half paid by the country which sells them and one-half paid by the country which owes them. The volume of international currency, unitas or bancor, will thus expand against these illiquid balances at a discount rate of 2%.

Our Federal Reserve system is allowed to take commercial paper running only 60 days. In general, central banks are supposed to take only the prime paper of the country in which they operate and paper of a very short maturity. This international bank of rediscount is to give credit at 2% on 23-year loans and hold 20% of the loans indefinitely thereafter. The violation of sound financial principles could hardly go further.

The Composition of the International Fund—How the Fund Would Work

The Keynes bancor fund starts out with neither assets nor liabilities. At the opening of its books on the first morning of its existence it would show assets of zero and liabilities of zero. We may assume that the transactions on the first day involved the sale to the fund by the Stabilization Fund of the United States of $10,000,000 worth of French francs, francs which had been created by the export of goods from America to France, in the form of an order to pay francs drawn on a French importer, a bill of exchange. These francs were then sold by the American exporter to his bank, which in turn sold them to the Federal Reserve Bank, which in turn sold them to the Stabilization Fund, which in turn sold them to the international fund. The international fund would pay for these francs by giving a deposit credit in bancor to the United States Stabilization Fund equivalent to $10,000,000. We may assume that the fund would then sell the francs it had purchased to the Bank of France, requiring payment in bancor. The Bank of France has no bancor, but it has an overdraft privilege with the fund. The fund thereupon debits the Bank of France in bancor in an amount equivalent to $10,000,000, and turns the francs over to it. If these are the only transactions of the day, the books of the international fund would show at the end of the day deposits in bancor equivalent to $10,000,000 due to the United States Stabilization Fund, and loans (or overdrafts) to the Bank of France equivalent to $10,000,000 in bancor. The books would balance. We should be creditor to the fund, France would be debtor.

What could we do with the bancor? We could not get gold for them. The fund has no gold and in any case the Keynes plan provides that the bancor shall never be redeemed in gold. We do not want the one asset which the fund has, namely, a loan in bancor to the Bank of France. The only use we could make of our deposit in bancor is to transfer it to the central bank or the exchange stabilization fund or the treasury of some other country to which we happened to owe money, and which was also a participant in the fund. There would presumably be no such country when the fund started. Very speedily the fund would accumulate a big balance sheet, as we exported goods to weak countries, receiving our pay in bancor deposits on the books of the fund, and the fund took in the liabilities of the importing countries.

A fund starting with nothing is rather more than Mr. Morgenthau could stomach, evidently. He wanted a fund with some real resources. He has provided that the fund shall be constituted by each country putting something in to start with. The fund is to start with at least $2,500,000,000, being half of the aggregate quotas of the member countries which is to be not less than $5,000,000,000. The amount to be paid in by each country at the beginning should consist of 12½% of its quota in gold, 12½% of its quota in local currency and 25% of its own (i.e., government) securities, except, however, that countries having less than $300,000,000 in gold and countries having less than $100,000,000 in gold need provide initially only 7½% and 5%, respectively, of their quotas in gold.

Mr. Morgenthau's fund is thus a curious mixture of assets and liabilities. The gold put in, and the dollars which we should put in would be assets of the fund, from the standpoint of the international balance sheet, exceedingly helpful to the fund in meeting liabilities. The French francs, Greek drachmae, and pounds sterling put into the fund would hardly be elements of strength from the standpoint of the international stabilization of exchange. The bonds which the government of France and the government of Greece put into the fund would serve to dilute the fund rather than to strengthen it. But in all events, Mr. Morgenthau would have an aggregate of gold and pieces of paper all of which he could measure in dollars, and all of which he could measure in unitas.

The operation of the fund under Mr. Morgenthau's plan would be essentially like those under the Keynes plan. If we sold French francs, we would get unitas deposits as credits. The Bank of France buys francs from the fund and gets a loan in unitas or it has an overdraft with the fund.

Two Kinds of Unitas Deposits

The Morgenthau plan provides that deposits in terms of unitas may be accepted by the fund from member countries upon the delivery of gold to the fund, and shall be transferable and redeemable in gold, and that the fund shall maintain 100% reserve in gold against all unitas deposits. I believe that this last provision is quite impossible. Unitas deposits will arise whenever a creditor country sells foreign exchange to the fund, and gets credit therefor on the fund's books. Unitas deposits must greatly exceed the fund's gold. We should speedily have two kinds of unitas deposits, one with 100% reserve redeemable in gold, and the other, the ordinary unitas, with a much smaller reserve of gold and not necessarily redeemable in gold. The latter could be expected to go to a discount as compared with the former. I think that the American plan has not been well thought out. The Keynes plan on this point has at least the merit of consistency. All bancor are of the same kind, and all are of dubious quality.

The International Fund, and Domestic Money Market Control

The foregoing account of actual transactions in the plan reveal a point which I think our Treasury has not understood, namely, that to the extent that our Federal Reserve Bank or our Stabilization Fund handles the foreign exchange transactions of the country through the international fund, we affect our domestic money market in an undesirable manner. If we are exporting heavily, and our Stabilization Fund is buying foreign exchange here to sell to the international fund for unitas deposits, we are simultaneously creating additional bank reserves in the United States, and making the money market easier. If the Federal Reserve Banks buy foreign exchange they pay for it with checks on themselves, and the effect is the same as if they were buying government securities or acceptances or anything else. These checks deposited in member banks are by them redeposited in the Federal Reserve Banks, increasing the reserve balances of the member banks, and making the money market easier. The same thing is true if the Stabilization Fund deals directly with the foreign exchange market. Its assets are gold. It puts the gold or gold certificates into the Federal Reserve Banks, to get the dollars with which to buy the foreign exchange. It pays for the foreign exchange with checks on the Federal Reserve Banks and this increases member bank reserves. The ability of the country as a whole to expand credit at home increases the more we extend credit to foreign countries.

This obviously suggests that something is wrong. The thing that is wrong is for central banks or governmental stabilization funds to be the main instrumentality in foreign lending. If member banks buy foreign exchange, paying for it with deposit credits, they increase their deposits while their reserves do not increase, and their ability to lend further is diminished thereby. This is as it should be. We ought not to buy too much foreign exchange. We ought not to export too much on short credit. The really desirable way to get needed money for foreign countries is not to get it from either the banks or the Federal Reserve Banks or the Stabilization Fund, but to get it from private investors out of the savings of the people. We ought not to finance a one-sided flow of exports on short credits. Long credits should be given by investor's money, under carefully restricted conditions as indicated above.

Outline of a Fundamental Solution

I condemn the Morgenthau and Keynes plans **in toto** as putting the cart before the horse, as encouraging rather than checking unsound tendencies in Europe, and as introducing new unsound tendencies at home. We want foreign exchange stabilization, but we can get it only as part of a much more comprehensive treatment of fundamental disorders. We must make foreign loans, but we must condition them on internal financial and currency reforms in the countries to which we lend. These loans should be made with investor's money rather than with reserve money. The Government has no money except as it taxes the people, or as it borrows from the banks or the people. The first financial aid must be governmental because the risks are too great for private capital to be willing to venture. But as I have indicated above, the first aid should be Red Cross aid rather than loans. No loans should be made that are not good, and none should be made without strict conditions.

The government must act first, not merely in Red Cross activities, but also in creating a strong, safe peace, a peace that we can believe will be permanent. Had we followed Woodrow Wilson's plan in 1919, we should have had such a peace. We should have had a strong and upright League of Nations which, combining strength with justice, would have pacified the world. The first foundation of international credit must be a strong political settlement, not a financial patchwork.

Then, as a vital part of world reconstruction, we must turn toward freer trade throughout the world, so that debtor countries needing to pay can pay with goods, so that creditor countries receiving pay can receive goods, so that the countries of Continental Europe, needing food and raw materials from us, can pay for them with dollars, not obtained by borrowing but by working and sending us their finished manufactures in exchange for the raw materials and foods.

At this point, I congratulate the Chamber of Commerce of Los Angeles upon the endorsement which it has given to Secretary Hull's request for a renewal of his power to negotiate reciprocal reduction of tariffs throughout the world. You have shown yourselves to be realists. We want to export goods and be paid for them by goods coming back. We do not wish again to export vast quantities of goods against promises to pay, and then refuse payment in the only way in which the debtor can pay, namely, with goods. The great causes for the breakdown of international credit in 1931 were:

1. The excess amount of such credit created by cheap money policy in the '20's; and
2. The great growing fabric of tariffs and other trade impediments which prevented the movement of goods and threw the whole burden of payment of international debts upon gold.

Given real progress along these lines, however, I am satisfied that we can get investor's money in adequate amount for the loans that Europe needs and ought to have.

I cannot at all accept the proposition recently made by Mr. Harry D. White of the United States Treasury[1], supposed author of the Morgenthau plan, that it is futile to look to the private investors to supply more than a small part of what capital is needed for the more urgent post-war reconstruction needs and that it must be handled by governments. In this same statement, Mr. White refers to the billions of dollars of foreign exchange needed for this purpose. I think that the United States Treasury has come into an unreal world through the ease with which it has been able to borrow money from the banks in recent years. Money it can create this way. Capital is another story. And surely we must pull up speedily in this terrific use of bank credit.

In this connection, however, one thing is to be said. The bank expansion which has already taken place has put into the hands of private individuals billions and billions of dollars of bank deposits in excess of anything they ever previously held, and these funds would seek foreign investment at rates of interest that gave compensation for risk, under conditions which tempted venture capital. Let the Government make a strong political settlement, let the Government open trade lines, let the Government cooperate with the bankers in seeing to it that reforms on the other side accompany the offer of European loans on this side, and we should get investor's money for the rehabilitation of Europe. Foreign loans made in the '20's were discredited by the disasters of '31 and '32, but foreign loans can be made good if we will avoid the follies that we engaged in in the '20's. And the follies of the '20's would look microscopic if we adopted the Keynes-Morgenthau plan.

---

[1] *American Economic Review, Supplement,* March, 1943, page 383.

Individual Savings Up Sharply In First Quarter; Only Temporary Accumulation Of Funds: SEC

The Securities and Exchange Commission made public on May 20 its quarterly analysis of the volume and composition of saving by individuals in the United States covering the first quarter of 1943*. This survey shows that total saving declined somewhat from the high point reached in the fourth quarter of 1942, reflecting a small decrease in income after taxes. However, after paying the largest tax bill in history, individuals in the first three months of this year added $4,800,000,000 to their cash and deposits, largely cash on hand and in checking accounts†; $2,600,000,000 to their holdings of Government bonds; $800,000,000 to their equity in private insurance, mostly life insurance; and paid off $700,000,000 of debt other than mortgages.

The SEC announcement added:

"The most significant feature of the pattern of saving during the first quarter of 1943, as in prior quarters, was the unusually high proportion of income which the public continued to put into currency and demand deposits. Additions to cash on hand and to checking accounts, amounting to $4,000,000,000‡, again constituted the largest component of individuals' saving. From the beginning of 1942 to the end of March, 1943, money in the hands of the public (currency and demand deposits) increased by the unprecedented sum of $15,500,000,000, an increase of more than 50% since December, 1941.

"In view of the magnitude of the item, it may be well to recall that additions to cash on hand and to checking accounts do not constitute saving in the same sense as increases in holdings of securities or saving in other liquid forms. While part of the growth in currency and demand deposits undoubtedly represents a relatively permanent form of saving and another part provision for future payment of currently accruing taxes, there remains a considerable portion which represents only a temporary accumulation of funds not earmarked for investment that may at any time be diverted into consumption and other channels. If such funds continue to grow at the present rate, the control of inflationary tendencies will become increasingly difficult."

*In this analysis individuals' saving includes unincorporated business saving of the types specified in the attached table. Corporate and Government saving are not included.

†Although not included in this analysis, it may be noted that corporations other than banks added $3,500,000,000 to their cash and deposits in the first quarter of 1943, by far the largest increase on record.

‡Individuals added about $3,500,000,000 to their checking accounts and $800,000,000 to their cash on hand.

The following table presents in detail the estimates of individuals' saving.

GROSS SAVINGS BY INDIVIDUALS IN THE UNITED STATES*
1940-1943. (Billions of dollars)

	1940	1941	1942	†1942 July-Sept.	†1942 Oct.-Dec.	1943 Jan.-Mar.
Gross saving	16.1	25.0	38.9	11.5	12.7	11.8
‡Liquid saving	4.3	10.5	29.6	9.3	10.5	9.9
Gross Saving By Type—						
1. Currency and bank deposits:						
a. Currency and demand dep.	+ 2.5	+ 5.6	+11.2	+ 4.0	+ 4.7	+ 4.3
b. Time deposits	+ .5	--	+ .6	+ .4	+ .7	+ .5
c. Total	+ 3.0	+ 5.6	+11.7	+ 4.4	+ 5.4	+ 4.8
2. Savings and loan associations	+ .3	+ .3	+ .3	+ .1	+ .1	+ .1
3. Insurance and pension reserves:						
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .6	+ .7	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .7	+ .7	+ .7
c. Total	+ 2.9	+ 3.8	+ 4.8	+ 1.3	+ 1.4	+ 1.5
4. Securities:						
a. U. S. savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.1	+ 2.3	+ 2.6
b. Other U. S. Government	— .2	+ .4	+ 2.2	+ .6	+ 1.0	--
c. State and local govmts.	— .1	— .2	— .2	--	--	+ .1
d. Corporate and other	— .5	— .5	+ .4	--	--	+ .1
e. Total	+ .1	+ 2.5	+10.4	+ 2.7	+ 3.3	+ 2.8
5. Non-farm dwellings:						
a. §Purchases	+ 2.5	+ 3.0	+ 1.6	+ .3	+ .3	+ .2
b. Change in debt	+ .9	+ 1.1	+ .3	+ .1	--	+ .1
c. Saving (a. minus b.)	+ 1.7	+ 1.9	+ 1.3	+ .2	+ .3	+ .3
6. ¶Automobiles and other durable consumers' goods	+ 9.3	+11.4	+ 7.6	+ 1.9	+ 2.0	+ 1.7
7. **Liquidation of debt, not elsewhere classified	— 1.1	— .6	+ 2.8	+ .8	+ .3	+ .7

*Includes unincorporated business saving of the types specified. Does not include corporate or Government saving.

†For first two quarters of 1942, see Statistical Series Release No. 728.

‡Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.

§New construction of one- to four-family non-farm homes less net acquisition of properties by non-individuals.

¶Purchases. The figures shown above include all new passsenger cars sold in the United States. No adjustment has been made for dealers' overallowances on trade-ins.

**Largely attributable to purchases of automobile and other durable consumers, goods, although including some debt arising from purchases of consumption goods. The other segments of individuals' debt have been allocated to the assets to which they pertain, viz., saving in savings and loan associations, insurance, securities and homes. Changes in the commercial indebtedness of unincorporated business and in consumers' indebtedness to unincorporated business are not included in these figures.

Note—The foregoing data have been compiled by the Commission from many different sources. Because of the nature of the figures, current data are necessarily estimates and, therefore, are subject to revision. Figures are rounded and will not necessarily add to totals.

Commercial Paper Outstanding

Reports received by the Federal Reserve Bank of New York from commercial paper dealers shows a total of $178,900,000 of open market paper outstanding on April 30. This was a decline of $21,700,000 or 11%, from the Market 31 total and a decline of $194,200,000, or 52% from the April 30, 1942, total. The current total is the smallest since June 30, 1936, when the amount outstanding was $168,700,000. This was the fourteenth successive monthly decline.

Following are the totals for the last two years:

1943—	$	1942—	$
Apr. 30	178,900,000	Mar. 31	384,300,000
Mar. 31	200,600,000	Feb. 28	388,400,000
Feb. 27	209,100,000	Jan. 31	380,600,000
Jan. 30	220,400,000		
1942—		1941—	
Dec. 31	229,900,000	Dec. 31	374,500,000
Nov. 30	260,600,000	Nov. 29	387,100,000
Oct. 31	271,400,000	Oct. 31	377,700,000
Sept. 30	281,800,000	Sept. 30	370,500,000
Aug. 31	297,200,000	Aug. 30	353,900,000
July 31	305,300,000	July 31	329,900,000
June 30	315,200,000	June 30	299,000,000
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000

National Fertilizer Ass'n Price Index Higher

The general level of wholesale commodity prices turned upward last week after declining in the preceding week, according to the price index compiled by The National Fertilizer Association and made public on May 24. This index in the week ended May 22 rose to 135.8 from 135.4 a week ago. A month ago it registered 135.8 and a year ago, 128.0 based on the 1935-1939 average as 100. The Association's report added:

The rise in the all-commodity index was due principally to advances in food, farm product, and building material quotations. After declining for six consecutive weeks the farm products index turned upward as a result of generally higher prices for cotton, grains, and livestock. The foodstuffs index rose to 140.7, a new high point. Higher quotations for brick resulted in a moderate rise in the building materials index. The textile index price average turned upward with increases in cottons offsetting a decline in wool. Last week none of the group averages in the composite index declined.

During the week 12 price series included in the index advanced and two declined; in the preceding week, two advanced and 11 declined; and in the second preceding week, six advanced and seven declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertiiizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week May 22 1943	Preceding Week May 15 1943	Month Ago Apr. 17 1943	Year Ago May 23 1942
25.3	Foods	140.7	140.0	139.5	125.3
	Fats and Oils	147.9	147.9	147.7	139.1
	Cottonseed Oil	159.0	159.0	159.0	163.0
23.0	Farm Products	152.9	152.1	154.3	137.8
	Cotton	200.7	199.5	200.5	187.4
	Grains	142.0	140.8	141.3	115.1
	Livestock	147.7	146.9	150.1	133.9
17.3	Fuels	122.8	122.8	122.2	119.5
10.8	Miscellaneous commodities	130.1	130.1	130.4	127.9
8.2	Textiles	150.9	150.7	151.2	148.8
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.7	152.2	152.3	151.8
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.9	118.7
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.8	135.4	135.8	128.0

*Indexes on 1926-1928 base were May 22, 1943, 105.8; May 15, 105.5; May 23, 1942, 99.7.

From Washington

(Continued from first page)

is the case, it means that Mr. Roosevelt, for political reasons, really wants no unification of the labor movement. Many months ago he urged the various leaders to get together and bring about this unification. Lewis' return is a tremendous step in that direction. Those who know labor politics believe it will start an avalanche of CIO organizations to the Federation, with the crumbling of the dual unionism, which is creating more and more of an impossible situation for the employer daily. It will be interesting to see if the Administration, for political reasons, seeks to head this off.

In the past 25 years tomes have been written about the nature of, and the significance of that thing that got started in Moscow; about the various turns it has taken down over the long years.

Of one thing there has never been any doubt: It has revolved around, and it has spawned the smartest crew of propagandists the world has ever known. The action of the Comintern in "dissolving" itself and calling for the dissolution of constituent bodies, is but further proof of that.

Here is the prediction that this action will not have the slightest effect on our domestic Commies or those of any other country. Insofar as ours are concerned, they may have been inspired by Moscow in the past, but they have long since advanced way ahead of their mentors. They are capable of acting on their own, they will do so.

The fact is that for a long time, they have had little in common with Moscow except to use the USSR as a symbol of what can be accomplished by revolution. The real intellectuals of the movement know that there is no communism in Russia. They know that it is simply a case there of a gang of Bureaucrats having come into power and determined to hold onto it. No ideology underlies them, nothing more than an ever multiplying system of rules and regulations pretty much as issue from the pen of our Bureaucrats day by day. Instead of the Grand Duke commanding the prettiest girl in the ballet as of old, it is the Commissar who now does the commanding.

The intellectuals of our Commies know, too, that Stalin is a strong isolationist, that he has no concern in spreading the "movement" to all the proletariat of the world. This being the case the Comintern has been ineffective for years. But these intellectuals can't let these things become known to their rank and file. They've got to keep pointing to their symbol, to the great land of the proletariat. They've got to support it in international affairs by way of using it as an exemplification of the class struggle. How can they be convincing when they bellow about the imperialistic, capitalistic nations unless they continue to uphold the USSR as the land of Communism?

From the days of the old demonstrations in New York when they would fake mistreatment by the cops, when the fact is that no one ever got hurt except innocent bystanders, the domestic Commies have been the world's greatest bunco artists. They are still that. It was not until the coming of the New Deal that they attained a political respectability if that is what they have attained. And this attainment was not of their own doing so much as it was the gullibility and greed of the New Dealers. Stalin has expressed open contempt of them to many of our distinguished visitors to Moscow in recent years, not that Stalin's contempt should worry any one.

But none of this is to say that they haven't been of help to Stalin simply by way of creating confusion and of making their dupes believe theirs is really an uprising of the world proletariat. It is this latter, bear in mind, that makes it so intriguing to the youngsters.

They are serving Stalin right now, in fact, by yelping continually about a Second Front, a second front in their minds being nothing else than an invasion through France, something which the military experts are in general agreement would be just about the most suicidal thing that could be attempted. That's the real reason the Commies want it.

Governor Baldwin Refuses Aid To Ban Pleasure Driving

Governor Raymond E. Baldwin of Connecticut on May 21 rejected a request from OPA Administrator Prentiss M. Brown for cooperation of enforcement authorities to enforce the renewed pleasure driving ban instituted on May 20 to conserve slim gasoline supplies along the Eastern seaboard. The text of the Governor's reply to Mr. Brown follows:

"In compliance with your telegram I have publicly appealed to the people of Connecticut to conform strictly to the rules and regulations of the OPA's latest ban upon non-essential driving. Experience during the critical days last winter when we struggled desperately to get heating oil here and during the previous restricted driving period, convinces me that Connecticut people need no compulsion to comply with any program to further our united war effort. I, therefore do not believe it necessary until the conduct of our citizens indicates otherwise to institute any plan of state-wide inspection or interference with the free movement of our people by either State or municipal law enforcement authorities."

Calling upon the people to "exhibit the same patriotic cooperation shown in last winter's fuel emergency," Governor Baldwin released the following statement on Administrator Brown's request:

"OPA Administrator Brown advises me that the continued decline in gasoline stocks and the increasing needs of our Army and Navy, as well as our expanding agricultural progress, make it imperative that all Connecticut citizens eliminate non-essential driving until further notice.

"Federal officials have appealed to us to cooperate in this program of conservation. Having experienced the splendid cooperation of all of the people of our State during the critical months of last winter, I call upon you to exhibit the same spirit of patriotic cooperation now, in order that we may substantially reduce the demands upon available gasoline supplies.

"We should all voluntarily and without the need for any compulsion limit the use of our cars to absolute essentials and comply strictly with the rules and regulations of the OPA.

"Non-essential driving constitutes a serious threat to our united war effort and I make this appeal to the people of Connecticut with the firm conviction that all will respond."

A Washington OPA official, according to reports, when advised of Governor Baldwin's stand, admitted that nothing could be done about it. He was further quoted as saying: "Nor will we try to do anything about it."

$29 Billion For Navy

The House unanimously approved on May 20 a bill appropriating $29,463,687,198 for the Navy Department for the 1944 fiscal year.

This record Naval appropriation bill, adopted by a vote of 360 to 0, provides over $9,000,000,000 for new ship construction, about $5,000,000,000 for aircraft and more than $3,000,000,000 for ordnance.

The total compares with $23,630,000,000 appropriated last year for the Navy, but that figure covered supplemental, deficiency and emergency appropriations as well as the regular 1943 allotment of approximately $14,000,000,000.

President Roosevelt's request for these funds was noted in our issue of April 22, page 1508.

April Retail Prices Remain Unchanged According To Fairchild Publications Index

After the slight increase shown in March, retail prices are unchanged in April, according to the Fairchild Publications Retail Price Index. The index is again 113.2, a 0.2% decrease from May 1, 1942. At that time retail prices rose in their last spurt before the OPA's general price freeze order went into effect lowering prices to the March levels. Since the Index is based mainly on staple items it has shown very little rise from the level to which it was reduced by the order.

Under date of May 14 the advices added:

"The major groups have all remained unchanged from last month. However, they all show slight decreases from last year. The greatest decrease was recorded by infants' wear, 0.5%, followed by piece goods and women's apparel, a decline of 0.4%. Over the 1939 pre-war period, piece goods show the greatest increase, 33.6%, and infants' wear the smallest, 12.7%.

"Of the individual commodities only two showed any change during the month. Furs and infants' socks increased 0.1%. All the items decreased from the same period last year, with the exception of men's clothing which recorded a 0.7% increase. This advance, it is interesting to note, is due to the effect of Price Regulation No. 177 which allowed a certain percentage markup in determining the ceiling prices of men's outer coats. Infants' socks showed the greatest decline under last year. In comparison with the 1939 period just preceding the outbreak of war, furs advanced the most, 50.9%, and women's shoes the least, 6.8%.

"Prices probably will continue to show little or no movement in the near future, according to A. W. Zelomek, economist under whose supervision the index is compiled. Whatever movement has been shown in the individual commodities has been due to the various price regulations which permitted adjustment of the ceiling prices."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

Copyright 1943 Fairchild News Service

	May 1, 1933	May 1, 1942	Feb. 1, 1943	Mar. 1, 1943	Apr. 1, 1943	May 1, 1943
Composite Index	69.4	113.4	113.1	113.1	113.2	113.2
Piece Goods	65.1	112.6	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.6	105.3	105.3	105.3	105.3
Women's Apparel	71.8	113.2	112.6	112.6	112.7	112.7
Infants' Wear	76.4	108.6	108.1	108.1	108.1	108.1
Home Furnishings	70.2	115.8	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	85.1	84.7	84.7	84.7	84.7
Woolens	69.2	108.5	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	144.1	143.3	143.8	143.8	143.8
Domestics						
Sheets	65.0	127.7	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.2	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	94.8	94.1	94.1	94.1	94.1
Aprons & House Dresses	75.5	141.0	140.5	*140.5	*140.5	140.5
Corsets & Brassieres	83.6	111.4	111.2	111.2	111.2	111.2
Furs	66.8	136.3	134.6	134.5	135.3	135.5
Underwear	69.2	103.1	102.7	102.7	102.7	102.7
Shoes	76.5	92.5	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.6	108.0	108.1	108.1	108.1
Underwear	69.6	115.6	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.6	99.1	99.1	99.1	99.1
Hats & Caps	69.7	94.9	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	105.3	106.0	106.0	106.0	106.0
Shoes	76.3	109.8	109.6	109.6	109.6	109.6
Infant's Wear						
Socks	74.0	115.6	114.5	114.5	114.5	114.6
Underwear	74.3	103.8	103.7	103.7	103.7	103.7
Shoes	80.9	106.4	106.0	106.0	106.0	106.0
Furniture	69.4	129.3	129.2	129.2	129.2	129.2
Floor Coverings	79.9	147.0	146.8	146.9	146.9	146.9
Radios	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	95.2	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	93.6	93.5	93.5	93.5	93.5
China	81.5	110.9	110.6	110.6	110.6	110.6

NOTE—Composite Index is a weighted aggregate. Major group indexes are arithmetic average of subgroups. *revised.

Electric Output For Week Ended May 22, 1943 Shows 18.1% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 22, 1943, was approximately 3,992,250,000 kwh., compared with 3,379,985,000 kwh. in the corresponding week last year, an increase of 18.1%. The output for the week ended May 15, 1943, was 18.2% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	May 22	May 15	May 8	May 1
New England	9.3	9.9	8.1	8.1
Middle Atlantic	16.3	16.7	13.3	13.0
Central Industrial	16.7	16.3	14.0	14.3
West Central	11.4	14.2	12.3	12.9
Southern States	17.8	17.1	14.4	19.5
Rocky Mountain	16.4	17.7	17.0	15.0
Pacific Coast	31.9	32.9	32.9	32.4
Total United States	18.1	18.2	16.0	17.0

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13	3,939,708	3,421,639	+15.1	2,976,478	1,545,459	1,718,304
Feb 20	3,948,749	3,423,589	+15.3	2,985,585	1,512,158	1,699,250
Feb 27	3,892,796	3,409,907	+14.2	2,993,253	1,519,679	1,706,719
Mar 6	3,946,630	3,392,121	+16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+17.6	2,983,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	------	3,322,651	----	2,954,647	1,381,452	1,615,085

Cottonseed Receipts In April

On May 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the nine months ended with April, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Apr. 30 1943	1942	Crushed Aug. 1 to Apr. 30 1943	1942	On hand at mills Apr. 30 1943	1942
United States	4,423,914	3,880,588	4,197,567	3,715,046	298,378	296,071
Alabama	253,746	218,949	242,917	212,314	14,162	17,808
Arizona	82,687	77,752	75,366	74,962	7,712	3,007
Arkansas	469,762	472,248	416,609	437,996	64,974	59,182
California	156,115	158,477	125,710	154,851	31,580	10,121
Georgia	335,760	261,391	330,660	247,018	9,157	33,289
Louisiana	164,110	85,120	163,078	85,482	1,776	164
Mississippi	737,043	554,183	684,741	519,405	58,543	38,804
North Carolina	269,443	212,867	260,128	209,196	10,972	13,407
Oklahoma	218,926	238,850	222,164	229,502	1,226	9,880
South Carolina	202,644	117,309	198,802	116,222	3,789	4,095
Tennessee	381,585	394,210	354,191	366,573	36,581	48,305
Texas	1,007,874	949,844	998,251	925,438	42,578	51,600
All other States	144,219	139,388	124,950	136,087	15,328	6,409

*Does not include 81,928 and 130,529 tons on hand Aug. 1 nor 56,694 and 55,724 tons reshipped for 1943 and 1942 respectively. Does include 9,897 tons destroyed for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Apr. 30	Shipped out Aug. 1 to Apr. 30	On hand Apr. 30
Crude oil (thousand pounds)	1942-43	*34,460	1,302,896	1,291,030	*89,472
	1941-42	29,708	1,154,432	1,143,340	105,456
Refined oil (thousand pounds)	1942-43	†310,191	**1,145,940	------	†299,847
	1941-42	294,005	995,010	------	399,053
Cake and meal (tons)	1942-43	190,100	1,856,701	2,009,370	37,431
	1941-42	164,444	1,621,027	1,473,433	312,038
Hulls (tons)	1942-43	44,118	1,011,846	1,031,224	24,740
	1941-42	151,439	921,548	947,526	125,461
Linters (running bales)	1942-43	43,295	‡1,260,804	1,019,026	‡285,073
	1941-42	123,154	1,094,613	1,122,217	95,550
Hull fiber (500-lb. bales)	1942-43	229	30,009	28,975	1,263
	1941-42	1,834	27,892	28,593	1,133
Grabbots, motes, &c. (500-lb. bales)	1942-43	23,644	57,655	55,893	25,406
	1941-42	6,183	50,689	29,797	27,075

*Includes 24,484,000 and 65,517,000 pounds held by refining and manufacturing establishments and 2,118,000 and 4,231,000 pounds in transit to refiners and consumers Aug. 1, 1942 and April 30, 1943, respectively.

†Includes 3,620,000 and 17,382,000 pounds held by refiners, brokers, agents and warehousemen at places other than refineries and manufacturing establishments and 1,389,000 and 5,618,000 pounds in transit to manufacturers of shortening, soap, etc., Aug. 1, 1942 and April 30, 1943, respectively. Does not include winterized oil.

**Produced from 1,229,576,000 pounds of crude oil.

‡Total linters produced includes 19,799 bales first cut, 105,049 bales second cut and 1,135,956 bales mill run. Total held includes 12,318 bales first cut, 24,498 bales second cut and 248,257 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on May 10 that as of the close of business April 30, there were 1,129 bond issues aggregating $72,811,509,943 par value listed on the Stock Exchange with a total market value of $71,857,596,488. This compares with 1,133 bond issues, aggregating $72,856,093,356 par value listed on March 31 with a total market value of $71,575,183,604.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

	April 30, 1943		March 31, 1943	
Group—	Market Value $	Average Price $	Market Value $	Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	55,219,690,452	104.38	55,073,996,140	104.10
U. S. companies:				
Amusements	38,800,167	103.90	38,674,807	103.56
Automobile	10,801,827	102.35	11,807,056	102.19
Building	13,099,126	99.94	13,074,178	99.75
Business and office equipment	15,675,000	104.50	15,581,250	103.88
Chemical	76,180,926	103.85	75,964,263	103.56
Electrical equipment	36,543,750	104.41	36,506,250	104.30
Financial	57,700,145	102.70	57,722,044	102.51
Food	214,290,514	105.38	235,195,808	105.04
Land and realty	10,732,758	79.88	10,694,985	79.60
Machinery and metals	39,786,866	100.59	39,867,117	100.80
Mining (excluding iron)	98,026,293	63.39	92,854,325	60.05
Paper and publishing	40,969,694	101.50	40,876,926	101.28
Petroleum	594,827,136	104.13	594,340,508	104.04
Railroad	7,489,656,839	73.77	7,359,178,286	72.34
Retail merchandising	12,757,883	89.26	11,902,043	83.27
Rubber	74,989,149	103.19	74,829,985	102.97
Ship building and operating	11,816,160	103.00	11,644,080	101.50
Shipping services	21,119,252	76.75	20,481,641	74.44
Steel, iron and coke	501,391,372	100.76	500,012,466	100.45
Textiles	37,923,670	104.50	37,560,750	103.50
Tobacco	154,294,459	106.07	147,827,162	106.00
Utilities:				
Gas and electric (operating)	3,360,503,595	108.37	3,365,475,030	108.47
Gas and electric (holding)	94,776,393	103.03	97,776,955	102.94
Communications	1,222,620,475	109.24	1,220,053,238	109.00
Miscellaneous utilities	90,556,147	62.19	90,734,657	62.29
U. S. companies oper. abroad	138,115,647	76.19	126,892,371	70.00
Miscellaneous businesses	31,000,623	104.37	31,276,633	105.30
Total U. S. companies	14,488,955,868	85.78	14,358,804,814	84.81
Foreign government	1,399,781,870	64.55	1,397,935,303	64.36
Foreign companies	749,168,300	88.21	744,447,347	87.65
All listed bonds	71,857,596,488	98.69	71,575,183,604	98.24

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69

U.S. Cannot Feed World Declares Dr. Forman

Dr. Jonathan Forman, Editor of the Ohio State Medical Journal, in an address prepared for the Buckeye Republican Club meeting at Columbus, said that any American promise to feed the world after the war "is not only silly but dangerous to the lasting peace of the world." Associated Press advices from Columbus, Ohio, on May 22, from which the foregoing is taken, gave other remarks of Dr. Forman, as follows:

"We cannot begin to feed the world. We can help a little but not much.

"In our best years we raised about two-thirds enough food to set a decent table for our people—just a decent table—not the kind that nutrition experts feel is necessary to bring about robust health and resistance to disease," he asserted.

"If we all stopped eating and gave all our food to the other lands, which of course we could not do, we would be giving a sustaining diet to about 135,000,000 persons, and who is to feed the rest?

"Thus, through our impossible promises, we shall be called upon to say who in these foreign lands shall live and who shall die. In this way we increase the hatred which already exists toward us.

"It is not only silly but dangerous to the lasting peace of the world to promise to feed the world after the war. Especially now since all recent reports stress the shortage of food in this country."

April Business Failures Again Smaller

April business failures are lower in both number and liabilities involved than in March and in April a year ago. Business insolvencies in April, according to Dun & Bradstreet, Inc., totaled 362 and involved $3,523,000 liabilities as compared with 410 involving $7,282,000 in March and 938 involving $9,282,000 in April, 1942.

The decrease in the number of failures in April from March took place in all of the divisions of trade that its report is divided into with the exception of the construction group. When the liabilities are considered all groups had smaller amounts involved than in March except the commercial service group.

Manufacturing failures last month amounted to 61, involving $1,105,000 liabilities, compared with 79 in March with $4,144,000 liabilities. Wholesale failures decreased to 24 with $211,000 liabilities, from 35 with $390,000 liabilities in March. In the retail trade section insolvencies declined to 195 from 232 in March and liabilities dropped to $1,031,000 from $1,540,000 the previous month. Construction failures numbered 54 with $597,000 liabilities, which compares with 41 with $903,000 liabilities in March. Commercial service failures numbered 28 in April as compared with 23 in March and liabilities increased to $579,000 in April from $305,000 in March.

When the country is divided into Federal Reserve Districts it is seen that all districts had fewer failures in April than in March except the Cleveland and Minneapolis Reserve Districts, which had more, and the Chicago Reserve District, which had the same number. When the amount of liabilities is considered, the Cleveland, Chicago, Minneapolis and Kansas City Reserve Districts had more liabilities involved in April than in March and all of the other Reserve Districts had less.

Trading On New York Exchanges

The Securities and Exchange Commission has made public figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended May 1 and May 8, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 8 (in round-lot transactions) totaled 4,747,222 shares, which amount was 16.36% of the total transactions on the Exchange of 14,510,130 shares. This compares with member trading during the week ended May 1 of 2,396,745 shares or 17.2% of total trading of 6,980,280 shares. On the New York Curb Exchange, member trading during the week ended May 8 amounted to 1,028,605 shares, or 15.25% of the total volume of that Exchange of 3,372,755 shares; during the May 1, week trading for the account of Curb members of 462,665 shares was 13.61% of total trading of 1,700,010 shares.

The Commission made available the following data for the week ended May 1.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	946	686
1. Reports showing transactions as specialists	175	75
2. Reports showing other transactions initiated on the floor	202	53
3. Reports showing other transactions initiated off the floor	229	94
4. Reports showing no transactions	462	486

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

	Total for week May 8, '43	†Per Cent	Total for week May 1, '43	†Per Cent
A. Total Round-Lot Sales:				
Short sales	301,660		137,600	
‡Other sales	14,208,470		6,842,680	
Total sales	14,510,130		6,980,280	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	1,018,610		551,320	
Short sales	144,700		65,530	
‡Other sales	938,970		444,990	
Total sales	1,083,670	7.24	510,520	7.6
2. Other transactions initiated on the floor—				
Total purchases	874,210		467,200	
Short sales	40,200		17,200	
‡Other sales	824,580		401,360	
Total sales	864,780	6.00	418,560	6.4
3. Other transactions initiated off the floor—				
Total purchases	404,934		240,380	
Short sales	52,600		9,110	
‡Other sales	448,421		199,655	
Total sales	501,021	3.12	208,765	3.2
4. Total—				
Total purchases	2,297,754		1,258,900	
Short sales	237,500		91,840	
‡Other sales	2,211,971		1,046,005	
Total sales	2,449,471	16.36	1,137,845	17.2

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

	Total for week May 8, '43	†Per Cent	Total for week May 1, '43	†Per Cent
A. Total Round-Lot Sales:				
Short sales	18,900		12,455	
‡Other sales	3,353,855		1,687,555	
Total sales	3,372,755		1,700,010	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	256,920		137,115	
Short sales	12,635		7,460	
‡Other sales	285,945		124,590	
Total sales	298,580	8.24	132 050	7.92
2. Other transactions initiated on the floor—				
Total purchases	148,755		68,595	
Short sales	1,200		1,400	
‡Other sales	141,180		40,300	
Total sales	142,380	4.31	41,700	3.24
3. Other transactions initiated off the floor—				
Total purchases	81,895		31,965	
Short sales	400		560	
‡Other sales	99,675		50,680	
Total sales	100,075	2.70	51,240	2.45
4. Total—				
Total purchases	487,570		237,675	
Short sales	14,235		9,420	
‡Other sales	526,800		215,570	
Total sales	541,035	15.25	224,990	13.61
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	81		473	
§Customers' other sales	88,892		58,380	
Total purchases	88,973		58,853	
Total sales	65,194		41,958	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of Commerce, in its latest report, states that the total production of soft coal in the week ended May 15, 1943, is estimated at 12,150,000 net tons, an increase of 1,980,000 tons over the preceding week. Compared with an output of 11,329,000 tons in the corresponding week of 1942, the current figure shows an increase of 821,000 tons. For the present year to May 15, production of soft coal was 5.1% in excess of that for the same period last year. The estimated production for the week ended May 15 was the largest since the week of April 10, which was 12,400,000 tons.

The U. S. Bureau of Mines estimated the production of anthracite at 1,420,000 tons, the largest since the week of Jan. 27, 1940, when 1,425,000 tons were mined. The anthracite mines loaded 3,846 railroad cars on May 15, exceeding by nearly 100 cars the number loaded on Saturday, April 17, a week in which production reached 1,368,000 tons, the highest in recent months.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	May 15 1943	†May 8 1943	May 16 1942	‡May 15 1943	May 16 1942	May 15, 1937
Total, incl. mine fuel	12,150	10,170	11.329	225,956	215,070	177,033
Daily average	2,025	1,695	1,888	1,973	1,867	1,552
*Crude petroleum—						
Coal equi. of weekly output	6,382	6,440	5,581	120,587	119,168	103,700

(*) Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal, (Minerals Yearbook, Review of 1940, page 775). (†) Revised. (‡) Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons—000 Omitted.)

	Week Ended			Cal. Yr. to Date	
	†May 15 1943	May 8 1943	May 16 1942	May 15 1943	May 16 1942
*Penn anthracite—					
*Total, incl. colliery fuel	1,420,000	1,056,000	1 262,000	23,416,000	22,271,000
Beehive coke—					
United States total	162,400	134,500	176,100	3,058,800	3,048,300
By-product coke—					
United States total	1,227,300	‡1,209,700	1,185,300	23,532,400	22,816,800

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Subject to revision. ‡Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

In Net Tons (000 omitted)

State—	May 8 1943	May 1 1943	May 9 1942	May 10 1941	May 8 1937	Avge. ¶1923
Alabama	321	178	366	93	73	398
Alaska	6	6	5	4	2	**
Arkansas and Oklahoma	68	75	66	11	8	66
Colorado	146	137	122	80	79	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,240	1,350	1,147	870	516	1,292
Indiana	461	481	438	346	223	394
Iowa	45	49	42	30	21	89
Kansas and Missouri	148	166	146	79	69	131
Kentucky—Eastern	763	693	978	778	797	679
Kentucky—Western	301	278	228	241	126	183
Maryland	29	31	40	19	17	47
Michigan	11	6	5	2	1	12
Montana (bituminous and lignite)	80	92	48	39	27	42
New Mexico	33	36	29	16	26	57
North and South Dakota (lignite)	27	23	22	17	14	**14
Ohio	645	620	728	550	450	860
Pennsylvania (bituminous)	2,417	1,930	2,894	2,618	1,953	3,578
Tennessee	109	112	149	104	56	121
Texas (bituminous and lignite)	6	6	6	6	15	22
Utah	127	128	98	50	31	74
Virginia	346	316	404	346	231	250
Washington	30	26	40	26	28	44
*West Virginia—Southern	1,860	1,976	2,231	2,184	1,652	1,380
†West Virginia—Northern	733	690	913	785	543	862
Wyoming	161	164	125	72	56	110
‡Other Western States	1	††	††	1	††	**5
Total bituminous and lignite	10,170	9,570	11,271	9,368	7,014	10,878
§Pennsylvania anthracite	1,056	1,002	1,266	860	952	1,932
Total all coal	11,226	10,572	12,537	10,228	7,966	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

April Life Insurance Sales Increase

The sales of ordinary life insurance in the United States in April amounted to $634,209,000, an increase of about 32% over the volume sold in the corresponding period of 1942, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first four months of 1943, however, aggregates $2,260,762,000, which is about 17% below the amount sold in the same period of 1942.

The sales volume and the ratio for all sections are reported by the Bureau as follows:

	APRIL 1943		YEAR TO DATE	
	Sales Volume in $1,000	Ratios '43-'42 All Cos.	Sales Volume in $1,000	Ratios '43-'42 All Cos.
U. S. Total	$634,209	132%	$2,260,762	83%
New England	50,757	132	175,017	81
Middle Atlantic	170,949	137	611,638	80
E. N. Central	140,101	127	512,161	84
W. N. Central	61,742	133	218,324	87
S. Atlantic	65,961	138	221,709	86
E. S. Central	24,402	123	88,447	80
W. S. Central	42,887	131	158,353	82
Mountain	17,501	141	61,854	95
Pacific	59,909	129	213,259	88

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 22 a summary for the week ended May 15 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE
Week Ended May 15, 1943

Odd-Lot Sales by Dealers: (Customers' purchases)	Total for Week
Number of Orders	25,412
Number of Shares	755,257
Dollar Value	22,696,300
Odd-Lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	237
*Customers' other sales	24,062
Customers' total sales	24,299
Number of Shares:	
Customers' short sales	6,058
*Customers' other sales	666,649
Customers' total sales	672,707
Dollar value	18,959,221
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	200
‡Other sales	153,120
Total sales	153,320
Round-Lot Purchases by Dealers—	
Number of shares	223,490

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Installment Selling For Post-War Delivery Opposed by NAM Board

The Board of Directors of the National Association of Manufacturers on May 20 revealed its opposition to various proposals of installment selling for post-war delivery, including the Nugent Plan, most publicized of the numerous "installment - selling - in-reverse" ideas. The NAM Board agrees with Secretary of the Treasury Henry Morgenthau and others, that proposals such as the Nugent Plan would compete directly with the sale of War Bonds.

Four basic reasons for opposing this type of buying for post-war delivery were listed tas follows in the resolution adopted by the Board:

1. It is in direct competition with the sale of War Bonds.
2. It would not result in more sales after the war.
3. The tendency would be to stifle the development and sale of new products after the war.
4. It would require double selling and double expense.

The NAM Board fears that undesirable competition might develop between the Treasury's campaign for sale of War Savings Bonds and a high-pressure campaign for sale of installment certificates for goods to be delivered after the war. In its announcement the NAM also said:

"It was pointed out that when the public invests in War Savings Bonds it can devote the proceeds after resumption of normal production to the purchase of any goods or services, which is not the case with future-delivery installment certificates under the Nugent and other plans. The Board also called attention to the question of who is going to assume the risk in case of a sharp post-war inflationary increase in the price level, increasing the cost of goods but requiring goods to be delivered at prices which did not absorb costs."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 25	119.53	110.15	118.20	115.82	110.88	97.62	102.13	113.31	115.82
24	119,50	110.15	118.20	115.82	110.70	97.62	102.13	113.31	115.82
22	119.48	110.15	118.20	115.82	110.88	97.47	102.13	113.12	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
20	119.41	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
19	119.42	110.15	118.20	115.63	110.88	97.47	101.97	113.12	115.82
18	119.34	110.15	118.40	115.63	110.70	97.47	101.97	113.12	116.02
17	119.28	110.15	118.20	115.63	110.70	97.47	101.80	113.12	116.02
15	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	116.02
14	119.27	109,97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
13	119.33	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
12	119.26	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
11	119.13	109.97	118.20	115.43	110.52	97.47	101.64	113.12	115.82
10	119.06	109.97	118.00	115.43	110.52	97.47	101.64	112.93	116.02
8	119.06	109.97	118.00	115.43	110.52	97.31	101.64	112.93	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
6	118.95	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
5	118.54	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
4	118.37	109.97	118.20	115.43	110.52	97.16	101.47	112.93	115.82
3	118.34	109.79	118.00	115.43	110.52	97.16	101.47	113.12	115.82
1	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
19	117.11	109.06	117.60	115.24	110.15	95.01	99.68	112.93	115.43
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	119.50	110.15	118.40	115.82	110.88	97.62	102.13	113.31	116.02
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
May 25, 1942	118.40	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
2 Years ago									
May 24, 1941	118.41	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 25	1.90	3.16	2.74	2.86	3.12	3.90	3.62	2.99	2.86
24	1.90	3.16	2.74	2.86	3.13	3.90	3.62	2.99	2.86
22	1.90	3.16	2.74	2.86	3.12	3.91	3.62	3.00	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
20	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
19	1.90	3.16	2.74	2.87	3.12	3.91	3.63	3.00	2.86
18	1.91	3.16	2.73	2.87	3.13	3.91	3.63	3.00	2.85
17	1.92	3.16	2.74	2.87	3.13	3.91	3.64	3.00	2.85
15	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.85
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
13	1.91	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
12	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
11	1.93	3.17	2.74	2.88	3.14	3.91	3.65	3.00	2.86
10	1.93	3.17	2.75	2.88	3.14	3.91	3.65	3.01	2.85
8	1.93	3.17	2.75	2.88	3.14	3.92	3.65	3.01	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
6	1.94	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
5	1.97	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
4	1.98	3.17	2.74	2.88	3.14	3.93	3.66	3.01	2.86
3	1.98	3.18	2.75	2.88	3.14	3.93	3.66	3.00	2.86
1	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
19	2.06	3.22	2.77	2.89	3.16	4.07	3.77	3.01	2.88
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.90	3.16	2.73	2.86	3.12	3.90	3.62	2.99	2.85
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
May 25, 1942	1.94	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
2 Years ago									
May 24, 1941	1.94	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Civil Engineering Construction $63,929,000 For Week; Private Work Gains

Civil engineering construction volume for the week in continental U. S. totaled $63,929,000. This volume, not including the construction by military combat engineers, American contracts outside the country, and ship-building, is 30% lower than in the preceding week, and 71% below the total for the corresponding 1942 week as reported by "Engineering News-Record" on May 20, which went on to say:

Private construction tops last week by 247%, and is 10% higher than in the week last year. Public construction declines 39% from a week ago, and is 74% lower than a year ago as both state and municipal work and Federal volume are down.

The current week's construction brings 1943 volume to $1,445,294,000, an average of $72,265,000 for each of the twenty weeks of the year. On the weekly average basis, 1943 volume is 60% below the $3,773,129,000 reported for the twenty-one weeks of 1942. Private construction, $146,112,000, is 48% lower than last year, and public work, $1,299,182,000, is down 61% when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	May 21, 1942	May 13, 1943	May 20, 1943
Total U. S. Construction	$216,513,000	$91,019,000	$63,929,000
Private Construction	9,305,000	2,943,000	10,209,000
Public Construction	207,208,000	88,076,000	53,720,000
State and Municipal	11,487,000	7,435,000	4,162,000
Federal	195,721,000	80,641,000	49,558,000

In the classified construction groups, gains over a week ago are in sewerage, industrial buildings, commercial building and large-scale private housing, and public buildings. Commercial building is the only class of work to gain over the 1942 week. Subtotals for the current week in each class of construction are: waterworks, $1,490,000; sewerage, $1,727,000; bridges, $209,000; industrial buildings, $1,407,000; commercial building and large-scale private housing, $6,907,000; public buildings, $30,049,000; earthwork and drainage, $261,000; street and roads, $5,219,000; and unclassified construction, $16,660,000.

New capital for construction purposes for the week totals $463,000, and is made up entirely of state and municipal bond sales. The week's total brings 1943 new financing to $484,749,000, a total that compares with the $6,811,776,000 reported for the 21-week period a year ago.

Steel Operations Higher—Expansion Program Reviewed—Month-End Flurry Develops

"As steel executives assembled in New York this week for their annual meeting today, a glimpse into the current status of the steel expansion program revealed that around 3,000,000 tons of additional ingot capacity has been added since Sept., 1941, a magnificent accomplishment considering the delays and red tape which cropped up frequently to upset building schedules," states "The Iron Age" in its issue of today (May 27), further adding: "H. G. Batcheller, head of the WPB Steel Division, says the industry has helped shorten the war by its expansion.

"Records of the Steel Division show that as of May 1 there were 2,083,000 tons of new open hearth and 953,700 tons of new electric furnace capacity in operation. Of the blast furnace program, 4,505,000 tons had been blown in May 1. New by-product coke oven capacity May 1 was 2,206,000 tons.

"The open hearth expansion is scheduled to be 99% complete by the end of this year and fully complete by next February. The alloy steel expansion is expected to be completed by October of this year. The blast furnace program, calling for a total of 11,314,000 tons of new capacity, should be completed by November. The by-product coke oven expansion program which calls for a total of 7,448,000 tons will not be completed until December.

"Steel-making capacity will aggregate 97,400,000 net tons when the entire program is completed, including open hearth capacity of 84,404,000 tons and electric furnace capacity of 6,403,000 tons. Blast furnace capacity when expansion is completed will be 68,848,000 tons, and by-product coke oven capacity will be 61,963,000 tons.

"A month-end flurry of orders during the past week has filled the few blank spaces which existed for near-term deliveries of steel. Midwest mills have received additional urgent directives for farm implement steel. Domestic transportation needs are very much in the spotlight, with steel orders for the railroad program being placed in tonnages greater than some authorities expected, with officials of 13 truck companies starting to make 7,350 heavy duty trucks for civilian use, and with a large bus maker planning to resume operations to help alleviate the growing problem in conection with the transporting of war workers.

"The vigorous efforts which have been made to improve the supply of aircraft alloy steel are achieving success. More use is being made of idle or excessive aircraft stocks in aircraft plants to relieve shortages, under a new set-up which gives the Aircraft Scheduling Unit in Dayton, Ohio, full control over the movement of these surplus materials. Meanwhile, the quantity of earmarked aircraft steel carried by official warehouses has been increased as much as five times the amount previously carried. Other efforts to improve the aircraft steel situation include continuing efforts toward substitution of carbon steel for alloy grades in some component aircraft parts; and a new aircraft production planning and control system. A new and comprehensive plan to schedule individually all the extrusions going into the production of aircraft is reported being put into effect by WPB.

"The widely heralded curtailment of machine tool production, to be accomplished by WPB by next December, probably will not affect such machine tools as spur and helical gear shapers; plane cylinder grinders; certain types of planers, precision boring machines; external thread grinders; special drills and a few other types of equipment. Meanwhile, lend-lease demand will take up much of the slack for appropriations for machinery and equipment are set at $504,000,000 for lend-lease during the next year."

The American Iron and Steel Institute on May 24, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.3% of capacity for the week beginning May 24, compared with 98.6% one week ago, 100.0% one month ago and 99.6% one year ago. This represents an increase of 0.7 point or 0.7% from the preceding week. The operating rate, for the week beginning May 24 is equivalent to 1,719,500 tons of steel ingots and castings, compared to 1,707,400 tons one week ago, 1,731,700 tons one month ago, and 1,691,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 24 stated in part as follows: "Steel demand is livelier, particularly in sheets, bars and plates and to some extent in seamless and lap weld pipe and wire specialties, while shape and reinforcing bar inquiry continues to lag. Most plate producers have capacity still available for July rolling, with a number of consumers yet to take action if they desire to get on July schedules. A month-end flurry is expected each month under CMP, as has been the case in the past.

"Consumers must keep inventories down to 60 days requirements and will be disposed in many cases to wait until late before actually placing specifications. At the same time some orders are being placed several months in advance with CMP allotment numbers accompanying them. Orders for delivery well into the future have been placed in the past but never with quite the certainty of fulfilment that is now the case. Usually there was the question whether Washington would approve the orders when schedules were set up to accomplish the delivery. The allotment number now definitely indicates WPB approval.

"One contributing factor to the heavier demand is a greater volume of orders from subcontractors, many of whom until recently have been delayed in getting their numbers, due in part to Washington and also to slow action by prime contractors.

"Deliveries on steel bars are lengthening and bessemer bars can not be obtained much sooner than open-hearth. At the same time restrictions on semifinished steel results in some bar mill capacity being idle. Some small sizes can be booked for July shipment but large sizes generally are extended into September, with some small lots taken for August rolling. For long-range programs, including shipbuilding, schedules in some cases have been fixed and allotment numbers made definite into February. Orders for floor plates for ships have been entered for first quarter delivery.

"Wire backlogs are increasing as demand exceeds production on many items, mainly specialties. On most active products many mills are sold through third quarter.

"Pig iron production in April totaled 5,035,178 net tons, compared with the all-time production of 5,314,201 tons in March. Production for four months this year totaled 20,326,130 tons, compared with 19,421,340 tons in the corresponding period last year."

Treasury To Ask For $16 Billion New Taxes, Morgenthau Reveals

Secretary of the Treasury Morgenthau emphasized on May 13 that new taxes this year must raise an additional $16,000,000,000 in revenue.

Speaking at his press conference, Mr. Morgenthau explained that revenues under existing law would total about $35,000,000,000 for the 1944 fiscal year and that an added $16,000,000,000 would bring the aggregate in tax revenues to about 50% of war expenditures. The Secretary pointed out that the Treasury would like to see at least one-half the war bill financed by taxes.

Mr. Morgenthau would not discuss the form such additional taxes should take, saying the pay-as-you-go issue must be disposed of first. He declared, however, that no matter how much revenue a pay-as-you-go plan yields the $16,000,000,000 in taxes would be a minimum requirement.

Secretary Morgenthau also remarked that any compulsory savings plan could be postponed now in view of the outstanding success of the Second War Loan Drive.

In recent testimony before a House Committee, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, said that very much heavier taxes are needed. Mr. Eccles also expressed the belief that a tax bill designed to raise at least 50% of the government's wartime expenses should be enacted.

Moody's Daily Commodity Index

Tuesday, May 18	245.6
Wednesday, May 19	245.8
Thursday, May 20	245.9
Friday, May 21	245.8
Saturday, May 22	246.1
Monday, May 24	245.7
Tuesday, May 25	245.7
Two weeks ago, May 11	245.1
Month ago, April 24	246.9
Year ago, May 25, 1942	231.8
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Daily Average Crude Oil Production For Week Ended May 15, 1943 Declined 36,200 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 15, 1943 was 3,984,300 barrels, a decrease of 36,200 barrels from the preceding week, and 313,100 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of May, 1943. The current figure, however, is 500,400 barrels per day more than in the week ended May 16, 1942. Daily output for the four weeks ended May 15, 1943 averaged 3,959,150 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,768,000 barrels of crude oil daily and produced 10,506,000 barrels of gasoline; 3,797,000 barrels of distillate fuel oil, and 7,760,000 barrels of residual fuel oil during the week ended May 15, 1943; and had in storage at the end of that week 86,950,000 barrels of gasoline; 31,891,000 barrels of distillate fuels, and 67,311,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production			
			Week Ended May 15, 1943	Change from Previous Week	4 Weeks Ended May 15, 1943	Week Ended May 16, 1942
Oklahoma	379,000	379,000	†321,150	— 25,800	338,000	388,000
Kansas	309,700	309,700	†305,550	+ 12,500	308,400	261,750
Nebraska	2,400	------	†2,150	— 50	2,200	4,000
Panhandle Texas			91,100	----	91,050	80,350
North Texas			131,900	----	133,450	148,300
West Texas			226,750	----	220,600	190,500
East Central Texas			124,300	----	112,000	78,800
East Texas			339,300	----	329,550	225,950
Southwest Texas			214,000	----	201,250	134,200
Coastal Texas			375,200	----	357,950	209,400
Total Texas	1,622,000	‡1,584,637	1,502,550	----	1,445,850	1,067,500
North Louisiana			87,000	----	87,850	83,800
Coastal Louisiana			261,050	+ 1,550	259,100	219,800
Total Louisiana	359,300	377,000	348,050	+ 1,550	346,950	303,600
Arkansas	73,000	75,043	72,100	+ 250	72,150	71,250
Mississippi	50,000		52,450	— 2,100	54,100	87,450
Illinois	250,800		210,550	— 25,600	225,700	276,750
Indiana	16,000		13,200	— 2,050	13,700	19,800
Eastern (not incl. Ill. Ind., Ky.)	92,200		79,750	+ 5,700	78,350	99,400
Kentucky	23,500		22,200	— 950	22,000	11,200
Michigan	62,100		58,700	— 1,700	58,700	55,500
Wyoming	97,000		92,900	— 1,600	93,150	90,650
Montana	24,600		20,550	+ 50	20,400	21,600
Colorado	7,400		6,700	+ 50	6,750	7,500
New Mexico	105,700	105,700	96,950	— 250	97,150	70,750
Total East of Calif.	3,474,700		3,205,500	— 40,000	3,183,550	2,836,700
California	822,700	§822,700	778,800	+ 3,800	775,600	647,200
Total United States	4,297,400		3,984,300	— 36,200	3,959,150	3,483,900

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in February, 1943, as follows: Oklahoma, 29,200; Kansas, 6,300; Texas, 103,100; Louisiana, 20,400; Arkansas, 2,800; Illinois, 10,800; Eastern (not including Illinois, Indiana or Kentucky), 10,000; Kentucky, 3,300; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,500; California, 43,000.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. May 13.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 16 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 15, 1943.

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,713	70.1	4,688	35,498	13,257	10,794
Appalachian	177	84.8	156	88.1	441	2,526	780	467
Ind., Ill., Ky.	824	85.2	757	91.9	2,351	19,125	4,078	3,169
Okla., Kans., Mo.	416	80.1	354	85.1	1,059	6,641	1,677	1,498
Rocky Mountain	147	48.0	84	57.1	292	1,978	321	544
California	817	89.9	704	86.2	1,675	21,182	11,778	50,839
Tot. U. S. B. of M. basis May 15, 1943	4,825	86.2	3,768	78.1	10,506	†86,950	31,891	67,311
Tot. U. S. B. of M. basis May 8, 1943	4,825	86.2	3,755	77.8	10,581	88,166	31,663	67,577
U. S. Bur. of Mines basis May 16, 1942			3,400	---	10,737	100,780	29,110	79,593

*At the request of the Petroleum Administration for War. †Finished, 76,219,000 barrels; unfinished, 10,731,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,797,000 barrels of gas oil and distillate fuel oil and 7,760,000 barrels of residual fuel oil produced in the week ended May 15, 1943, which compares with 3,795,000 barrels and 7,853,000 barrels, respectively, in the preceding week, and 3,034,000 barrels and 6,993,000 barrels, respectively, in the week ended May 16, 1942.

Wholesale Commodity Prices Steady In Week Ended May 15, Labor Dept. Reports

The U. S. Department of Labor announced on May 20 that except for further increases in prices for farm products and foods, largely fresh fruits and vegetables, commodity markets were steady during the week ended May 15. The Bureau of Labor Statistics' index of prices in primary markets advanced 0.1% to a new peak, 103.8% of the 1926 average.

The Department's announcement further stated:

"**Farm products and foods**—Average prices for farm products rose 0.7% largely because of sharp increases for apples and sweet potatoes, and smaller advances for fresh eggs at Boston and San Francisco, for white potatoes at New York, and for flaxseed. Higher prices were also reported for corn and for cows. Prices of some important farm commodities declined during the week. Oats dropped 3% and wheat more than 1%. Hogs and sheep decreased from 1.5 to over 2%, and prices were also lower for cotton, citrus fruits and for white potatoes in the Chicago and Portland, Oregon markets.

"An increase of 4.8% in average prices for fruits and vegetables was responsible for the rise of 0.7% in the foods group index. Flour advanced fractionally in some areas while quotations for meats and dairy products were unchanged from a week ago.

"**Industrial commodities**—There was very little movement in prices for industrial commodities during the week. Quotations for rosin and turpentine rose slightly while maple flooring declined."

The following notation is made:

"During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for April 17, 1943 and May 16, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to May 15, 1943 from—		
Commodity groups—	5-15 1943	5-8 1943	5-1 1943	4-17 1943	5-16 1942	5-8 1943	4-17 1943	5-16 1942
All commodities	*103.8	*103.7	*103.5	*103.5	98.5	+0.1	+0.3	+ 5.4
Farm products	*125.7	*124.8	*124.3	*124.4	104.3	+0.7	+1.0	+20.5
Foods	110.2	109.4	108.7	†108.4	98.2	+0.7	+1.7	+12.2
Hides and leather products	118.4	118.4	118.4	118.4	119.8	0	0	— 1.2
Textile products	96.9	96.9	96.9	96.9	97.3	0	0	— 0.4
Fuel and lighting materials	81.5	81.6	81.5	81.1	78.8	—0.1	+0.5	+ 3.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	104.4	0	0	— 0.1
Building materials	110.4	110.4	110.3	110.3	110.1	0	+0.1	+ 0.3
Chemicals and allied products	100.2	100.2	100.1	100.1	97.3	0	+0.1	+ 3.0
Housefurnishing goods	104.2	104.2	104.2	104.2	104.6	0	0	— 0.4
Miscellaneous commodities	91.4	91.4	91.4	91.4	90.2	0	0	+ 1.3
Raw materials	*113.7	*113.2	*112.7	*112.8	98.9	+0.4	+0.8	+15.0
Semimanufactured articles	92.9	92.9	92.9	93.0	92.8	0	—0.1	+ 0.1
Manufactured products	*101.0	*101.0	*100.9	*100.8	99.3	0	+0.2	+ 1.7
All commodities other than farm products	*99.1	*99.1	*99.1	*99.0	97.2	0	+0.1	+ 2.0
All commodities other than farm products and foods	*96.9	*96.9	*96.9	*96.8	95.9	0	+0.1	+ 1.0

*Preliminary. †Revised.

Non-Ferrous Metals—Copper Moving Against June Requirements—Lead Sales Increase

Editor's Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of May 20, stated:

"The volume of lead sold last week by domestic producers increased appreciably, indicating that consumers purchased metal against June requirements preparatory to arranging for allocations of foreign lead, if needed, out of supplies held by Metals Reserve, Consumers of copper were notified ahead of time (May 14) in reference to their June allocations. Interest in zinc centered in storm conditions that on May 18 interrupted operations in the Tri-State zinc-lead district. Metals Reserve issued a new price schedule for purchases of domestic manganese and chrome ores, effective May 15. The base prices in the revised schedule show little change. "The publication further went on to say:

Copper

June certificates for copper came through on May 14, and the sales departments of producers were busy all last week in arranging for the movement of the tonnages allotted to consumers. Quotations continued on the basis of 12c., Valley. Foreign copper is being purchased by Metals Reserve at unchanged prices.

Order M-9-c, regulating the use of copper and copper alloys, was amended by WPB on May 17. The conservation measure now prohibits use of copper in oil wells, water wells, gaming machines and devices, and slide fasteners and further restricts its use in water heaters, tanks, and coils for military purposes.

The Bureau of Mines, Department of the Interior, disclosed last week that the mine production of recoverable copper in the United States, including Alaska, was about 1,072,003 tons in 1942, an increase of 12% over 1941. The output for last year was the largest in the history of the country. Arizona contributed 36% to the country's output; Utah 29%; Montana 13%; Nevada; 8% New Mexico 7%; Michigan 4%; and other States 3%. The figures released by the Bureau of Mines were known in copper circles, but publication of the information under the "Code of Wartime Practices" was prohibited until an appropriate authority made the facts available to the press.

Lead

Sales of common lead in the domestic market for the last week were more than double those in the week previous. The gain in the volume of business was expected. Consumers purchased June lead freely prior to the date set for determining allocations of foreign metal. The price situation was unchanged.

In 1942, mine production of recoverable lead in the United States was 492,435 tons, according to preliminary figures released last week by the Bureau of Mines. This compares with 461,426 tons in 1941.

Zinc

Production of lead and zinc concentrate in the Tri-State district of Oklahoma, Kansas, and Missouri was temporarily reduced by about one-half on May 18 in what is described as one of the worst floods in the history of the field. Mines were flooded in the south-central part of the great Picher field, and at Oronogo, Galena, Wentworth, Granby, Stottscity, and Duenweg. Dewatering of some mines will require weeks, it is believed.

Mine production of zinc in the United States during 1942, in terms of recoverable metal, was 760,210 tons, against 749,125 tons in 1941, according to the Bureau of Mines.

Manganese Ore

Secretary of Commerce Jones announced May 17 that Metals Reserve Co. will pay increased prices for domestic manganese ore further to stimulate production. The new scale provides for moderate increases in some instances.

Manganese ore was added to List I of General Imports Order M-63 to better control importation and distribution. Under this listing, the ore may not be imported without specific authorization.

Antimony

Until sellers of antimony ex warehouse New York obtain metal that carries the freight rate that became effective May 15, the quotation will continue at 16.049c. per pound on lots of 5 tons or more but less than a carload. A moderate downward revision, reflecting the 6% reduction in the freight rate, may occur during the next week.

Tin

President Penaranda of Bolivia, who is a visitor in this country, said last week that the price of tin will have to be re-negotiated before July 1 to meet rising costs of production. In tin circles it has been rumored that Metals Reserve Co. will have to raise the price to around 70c. a pound of tin contained in Bolivian concentrate, f.o.b. South American ports. The present basis is 60c. Bolivian labor authorities, it is claimed, want the entire increase in price, if granted, to be used exclusively for the benefit of the miners. Vice-President Wallace, who returned from a tour of South American countries recently, declared that the wages of Bolivian tin miners "are pitiably low in accordance with standards in this country."

The price of tin in New York will probably continue at 52c., regardless of what the Metals Reserve will pay for concentrate, the trade believes.

Straits quality tin for shipment was as follows:

	May	June	July
May 13	52.000	52.000	52.000
May 14	52.000	52.000	52.000
May 15	52.000	52.000	52.000
May 17	52.000	52.000	52.000
May 18	52.000	52.000	52.000
May 19	52.000	52.000	52.000

Quicksilver

Conditions governing the market for quicksilver have not changed and quotations in New York continued at $196@$198 per flask of 76 lb.

Silver

The silver market in London has been steady during the last week at 23½d.

The New York Official and the Treasury prices remained at 44¾c. and 35c., respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Lumber Movement—Week Ended May 15, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 454 mills reporting to the National Lumber Trade Barometer were 0.4% below production for the week ended May 15, 1943. In the same week new orders of these mills were 8.9% greater than production. Unfilled order files in the reporting mills amounted to 102% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 14.1%; orders by 18.0%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 30.1% greater; shipments were 37.2% greater, and orders were 43.8% greater.

Revenue Freight Car Loadings During Week Ended May 15, 1943 Increased 31,791 Cars

Loading of revenue freight for the week ended May 15, 1943 totaled 848,522 cars, the Association of American Railroads announced on May 20. This was an increase above the corresponding week of 1942 of 9,468 cars, or 1.1%, but a decrease below the same week in 1941, of 12,280 cars or 1.4%.

Loading of revenue freight for the week of May 15 increased 31,971 cars or 3.9% above the preceding week.

Miscellaneous freight loading totaled 383,387 cars, a decrease of 6,279 cars below the preceding week, but an increase of 5,212 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 96,630 cars, a decrease of 1,495 cars below the preceding week, and a decrease of 589 cars below the corresponding week in 1942.

Coal loading amounted to 176,179 cars, an increase of 34,039 cars above the preceding week, and an increase of 7,146 cars above the corresponding week in 1942.

Grain and grain products loading totaled 43,242 cars, a decrease of 2,373 cars below the preceding week, but an increase of 8,275 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of May 15 totaled 28,227 cars, a decrease of 2,271 cars below the preceding week but an increase of 6,208 cars above the corresponding week in 1942.

Live stock loading amounted to 14,137 cars, a decrease of 1,551 cars below the preceding week, but an increase of 2,143 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of May 15, totaled 10,222 cars, a decrease of 1,717 cars below the preceding week, but an increase of 1,166 cars above the corresponding week in 1942.

Forest products loading totaled 43,760 cars, a decrease of 1,058 cars below the preceding week and a decrease of 6,091 cars below the corresponding week in 1942.

Ore loading amounted to 76,767 cars, an increase of 9,791 cars above the preceding week but a decrease of 7,026 cars below the corresponding week in 1942.

Coke loading amounted to 14,420 cars, an increase of 897 cars above the preceding week, and an increase of 398 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Southern and Northwestern, and all districts reported increases above the corresponding week in 1941 except Eastern, Allegheny, Northwestern, and Centralwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
Week of May 1	788,783	858,911	794,299
Week of May 8	816,551	839,286	837,149
Week of May 15	848,522	839,054	860,802
Total	15,250,024	16,044,449	14,672,865

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 15, 1943. During this period 60 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 15

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	232	450	515	1,555	1,236
Bangor & Aroostook	928	1,779	1,924	347	320
Boston & Maine	6,229	6,117	8,603	14,591	15,495
Chicago, Indianapolis & Louisville	1,510	1,345	1,302	1,903	1,893
Central Indiana	43	24	16	69	60
Central Vermont	1,026	1,003	1,419	2,498	2,325
Delaware & Hudson	6,490	6,820	5,957	11,868	12,418
Delaware, Lackawanna & Western	7,620	7,991	9,640	12,987	10,252
Detroit & Mackinac	405	275	288	128	162
Detroit, Toledo & Ironton	1,802	1,976	3,259	1,497	1,376
Detroit & Toledo Shore Line	289	315	438	2,766	2,603
Erie	13,350	14,933	15,066	19,638	16,970
Grand Trunk Western	3,938	3,463	6,225	8,189	7,567
Lehigh & Hudson River	219	246	280	2,778	3,763
Lehigh & New England	2,087	2,166	1,949	1,707	2,080
Lehigh Valley	8,770	9,123	9,557	14,733	12,170
Maine Central	2,078	2,098	3,097	2,286	3,605
Monongahela	6,569	6,041	6,322	363	356
Montour	2,520	2,427	2,324	55	36
New York Central Lines	56,797	46,680	52,283	53,677	55,362
N. Y., N. H. & Hartford	9,728	9,912	12,165	19,105	20,774
New York, Ontario & Western	1,283	1,100	1,175	2,649	3,119
New York, Chicago & St. Louis	7,097	7,636	6,137	15,712	15,196
N. Y., Susquehanna & Western	624	418	479	2,489	1,506
Pittsburgh & Lake Erie	7,651	8,575	8,445	9,582	9,187
Pere Marquette	4,945	5,299	6,637	7,208	5,890
Pittsburg & Shawmut	932	770	805	17	32
Pittsburg, Shawmut & North	391	424	515	289	247
Pittsburgh & West Virginia	1,251	1,181	1,152	3,688	3,031
Rutland	318	389	642	910	1,109
Wabash	5,524	5,254	5,906	13,307	13,196
Wheeling & Lake Erie	6,397	5,202	5,522	4,998	4,673
Total	169,043	161,432	180,044	233,589	228,009
Allegheny District—					
Akron, Canton & Youngstown	758	704	672	1,309	1,000
Baltimore & Ohio	43,404	41,035	41,608	29,110	27,106
Bessemer & Lake Erie	5,832	7,242	6,807	2,000	2,504
Buffalo Creek & Gauley	302	290	267	4	0
Cambria & Indiana	1,860	1,960	2,019	7	11
Central R. R. of New Jersey	7,553	7,494	7,890	21,959	21,105
Cornwall	650	701	699	74	51
Cumberland & Pennsylvania	239	328	326	6	18
Ligonier Valley	140	144	97	32	45
Long Island	1,146	701	800	3,691	3,639
Penn-Reading Seashore Lines	1,659	1,537	1,627	2,901	2,526
Pennsylvania System	83,998	85,373	87,672	68,284	65,196
Reading Co.	15,831	14,887	16,156	28,812	28,901
Union (Pittsburgh)	21,288	21,210	19,833	7,148	7,294
Western Maryland	4,266	4,073	4,260	10,946	12,811
Total	188,926	187,679	190,733	176,283	172,207
Pocahontas District—					
Chesapeake & Ohio	29,998	29,849	28,648	13,936	14,266
Norfolk & Western	23,256	23,460	24,045	7,649	6,933
Virginian	5,017	4,581	5,094	2,052	2,222
Total	58,271	57,890	57,787	23,637	23,421
Southern District—					
Alabama, Tennessee & Northern	282	399	356	260	348
Atl. & W. P.—W. R. R. of Ala.	678	743	847	2,799	2,452
Atlanta, Birmingham & Coast	803	818	786	1,285	1,330
Atlantic Coast Line	13,021	13,122	12,341	11,133	8,457
Central of Georgia	4,144	3,783	4,550	4,674	3,776
Charleston & Western Carolina	523	349	588	1,858	1,653
Clinchfield	1,634	1,761	1,895	2,892	2,846
Columbus & Greenville	330	326	311	144	165
Durham & Southern	121	200	214	623	1,200
Florida East Coast	2,747	1,850	1,082	1,909	920
Gainesville Midland	46	38	42	81	120
Georgia	1,115	1,088	1,171	2,999	2,350
Georgia & Florida	369	376	369	597	489
Gulf, Mobile & Ohio	3,676	4,035	3,795	4,463	3,279
Illinois Central System	26,202	27,236	23,015	19,081	15,170
Louisville & Nashville	26,687	27,182	26,352	11,540	9,396
Macon, Dublin & Savannah	206	164	153	947	721
Mississippi Central	228	156	158	512	494
Nashville, Chattanooga & St. L.	3,252	3,702	3,597	4,913	3,761
Norfolk Southern	1,170	1,530	1,212	1,671	2,121
Piedmont Northern	357	314	508	1,109	1,255
Richmond, Fred. & Potomac	410	535	466	11,310	11,006
Seaboard Air Line	11,320	11,553	10,903	7,634	8,859
Southern System	22,353	23,680	26,373	23,690	23,123
Tennessee Central	542	678	559	753	1,159
Winston-Salem Southbound	128	92	173	897	979
Total	122,344	125,710	121,816	119,774	107,429
Northwestern District—					
Chicago & North Western	19,572	21,391	22,651	12,882	12,837
Chicago Great Western	2,721	2,396	2,707	2,832	2,981
Chicago, Milw., St. P. & Pac.	19,249	18,508	21,766	10,637	9,383
Chicago, St. Paul, Minn. & Omaha	3,195	3,333	4,037	3,488	3,526
Duluth, Missabe & Iron Range	23,067	25,234	22,531	193	427
Duluth, South Shore & Atlantic	889	1,561	1,549	473	500
Elgin, Joliet & Eastern	8,519	10,426	10,752	11,315	9,603
Ft. Dodge, Des Moines & South	*432	543	694	*101	145
Great Northern	21,676	22,538	24,124	6,151	4,661
Green Bay & Western	*453	539	671	*862	694
Lake Superior & Ishpeming	2,073	3,523	3,114	45	67
Minneapolis & St. Louis	1,886	1,946	2,013	2,271	2,129
Minn., St. Paul & S. S. M.	6,697	6,671	7,940	2,878	3,108
Spokane International	9,609	10,204	9,995	5,703	4,543
Northern Pacific	*176	147	178	*568	349
Spokane, Portland & Seattle	2,033	2,561	2,514	3,034	3,270
Total	122,247	131,521	137,236	63,433	58,223
Central Western District—					
Atch., Top. & Santa Fe System	20,796	21,213	22,694	12,060	9,673
Alton	2,718	2,905	3,344	3,887	3,570
Bingham & Garfield	*493	734	680	*103	132
Chicago, Burlington & Quincy	18,040	14,628	16,475	11,141	9,579
Chicago & Illinois Midland	3,017	2,763	2,640	735	848
Chicago, Rock Island & Pacific	11,633	10,581	13,842	11,997	10,311
Chicago & Eastern Illinois	2,581	2,420	2,888	5,971	2,871
Colorado & Southern	789	784	724	2,255	1,705
Denver & Rio Grande Western	*3,901	2,994	2,519	*6,102	4,533
Denver & Salt Lake	720	564	336	16	14
Fort Worth & Denver City	923	1,019	1,596	2,153	1,021
Illinois Terminal	1,682	1,894	1,868	2,246	2,193
Missouri-Illinois	1,048	1,333	1,081	412	461
Nevada Northern	2,089	2,004	2,026	118	118
North Western Pacific	1,140	1,086	842	701	455
Peoria & Pekin Union	1	18	7	0	0
Southern Pacific (Pacific)	30,798	28,650	28,190	13,515	9,328
Toledo, Peoria & Western	332	286	295	1,803	1,415
Union Pacific System	12,429	11,912	14,534	16,857	12,143
Utah	562	531	224	4	5
Western Pacific	2,132	1,843	1,592	3,554	3,655
Total	117,014	110,162	118,397	95,630	74,030
Southwestern District—					
Burlington-Rock Island	1,105	160	213	202	165
Gulf Coast Lines	6,327	5,334	3,380	2,322	2,809
International-Great Northern	1,814	2,862	2,176	3,873	2,855
Kansas, Oklahoma & Gulf	176	218	205	591	1,147
Kansas City Southern	4,843	5,537	2,384	2,502	2,216
Louisiana & Arkansas	4,218	3,279	2,376	2,742	2,213
Litchfield & Madison	263	336	310	1,196	1,008
Midland Valley	361	676	419	242	243
Missouri & Arkansas	*148	176	220	*442	383
Missouri-Kansas-Texas Lines	5,771	4,603	4,552	5,579	4,195
Missouri Pacific	15,445	15,436	15,001	20,010	16,457
Quanah Acme & Pacific	52	114	115	172	174
St. Louis-San Francisco	7,454	8,505	8,494	8,320	7,321
St. Louis Southwestern	3,288	2,929	2,676	7,937	6,090
Texas & New Orleans	14,564	9,823	7,757	5,178	4,155
Texas & Pacific	4,735	4,492	4,329	7,326	6,988
Wichita Falls & Southern	98	148	164	43	50
Weatherford M. W. & N. W.	15	32	18	24	38
Total	70,677	64,660	54,789	68,701	58,507

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147,085	454,308	94	88
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Change In Method Of Making Calls On War Loan Depositaries

Attention to the action of the Treasury Department in deciding to change the method of making calls from war loan depositaries was directed on May 10 by Allan Sproul, President of the Federal Reserve Bank of New York, in a notice to the incorporated banks and trust companies of the District, in which he said:

"Depositaries will be divided into two groups based on the size of their war loan balances. In order to lessen the work and inconvenience caused by frequent, small-percentage calls and remittances in banks where the working staff is small, a special schedule will be established to govern withdrawals from depositaries in the group with the smaller balances. Pursuant to the special schedule there will be fewer calls upon banks with the smaller balances, and each call will be for a larger percentage of the total balance.

"All depositaries in this District will be classified into two groups, as follows:

Group A—All depositaries having war loan balances of $300,000 or less at the close of business May 11, 1943.

Group B—All depositaries having war loan balances of more than $300,000 at the close of business May 11, 1943.

"Until further notice the classification of a particular bank in Group A or Group B will remain unchanged, notwithstanding any subsequent increases or decreases in the war loan balance of such bank.

"There will be no change in the manner of making calls upon banks in Group B.

"Tentative plans provide for the issuance on Friday, May 14, 1943, of a special call for withdrawals from banks in Group A, based upon balances as of the close of business May 11, 1943, for payment in approximately seven equal instalments extending over a period of about three months, the dates of which will be indicated in the notice of call.

"Member banks from whom we have standing instructions to charge their reserve accounts will continue to receive advices of charge on the dates payments from them are due. Non-member banks will be expected to remit to us in funds available on the dates the payments become due."

V. Ross Elected Head Of N. Y. Controllers

Vincent C. Ross, Vice-President and Treasurer of Prentice-Hall, Inc., was elected President of the New York City Control of the Controllers Institute of America at that group's annual meeting in New York held May 20 in the Hotel New Yorker. Two Vice-Presidents were elected—Harry L. Camp, General Controller of The Borden Co., and Marvin W. Kimbro, Controller of the General Foods Corp. Louis W. Jaeger, Controller of Clark-Babbitt Industries, Inc., was reelected Treasurer, and G. T. Vignone, Controller of Mcfadden Publications, was renamed Secretary.

Seven new directors were elected—Neville R. Ashcroft of Scott & Bowne, Bloomfield, N. J.; M. J. Boedeker of the Johns-Manville Corp.; Walter H. Kamp of the Bristol-Myers Co., Hillside, N. J.; Frank J. Meley of Interstate Department Stores; Herbert L. Simms of the Bankers Trust Co.; Mark A. Sunstrom of the International Telephone & Telegraph Corp., and William J. Wardell of the American Can Co. The meeting preceded the annual dinner of the organization.

Items About Banks, Trust Companies

John E. Bierwirth, President of the New York Trust Co., announced on May 19 that the capital stock of the company was increased on May 18 from $12,500,000 to $15,000,000, consisting of 600,000 shares of the par value of $25 each, and the surplus of the company increased from $25,000,000 to $30,000,000 through the sale of 100,000 shares of additional capital stock at $75 per share. All but 2% of the new stock was subscribed for by the stockholders of the company. The offering was underwritten by Morgan Stanley & Co. and associates. Previous reference to the bank's plans for this increase was made in our issue of May 20, page 1896.

Augustus S. Hutchins, a trustee of The Manhattan Savings Bank in New York, has completed 60 years as a member of the bank's Board, it is announced by Willard K. Denton, President. Mr. Hutchins' six decades of service, Mr. Denton said, are believed to exceed in length that of any savings bank trustee in Greater New York, and in any event constitute one of the longest records in the history of savings banking. His associates on the Board presented him with an engrossed testimonial at a meeting of the Board of Trustees last week.

Mr. Hutchins was elected to the Board in 1883 at the age of 26. The bank then had only one office and its resources totaled $4,000,000. In the intervening period it has developed into one of the largest of the nation's savings banks, with five offices in Manhattan and resources in excess of $100,000,000. For about half a century of his trusteeship, Mr. Hutchins, who is a member of the legal firm of A. S. and W. Hutchins, has acted as Counsel to the bank. He is well known in insurance and investment circles as well as among the legal fraternity.

At a recent meeting of the Board of Directors of the Chemical Bank & Trust Co. of New York, James W. Peterson was appointed Assistant Manager of the Madison Avenue at 74th Street branch office.

At a meeting of the Board of Directors of the Lawyers Trust Co. held on May 18, Frederick M. Sanders, President of the U. S. Realty Co., was elected a Director of Lawyers Trust Co.

Joseph J. McArdle, senior partner of McArdle & McArdle, accountants and auditors, has been elected a trustee of the North Side Savings Bank, Bronx, N. Y. Mr. McArdle, a former examiner of the New York State Banking Department, is also a Director of Jacob Ruppert, Inc.

The Flatbush Savings Bank of Brooklyn, N. Y., will become the 26th member of The Savings Banks Retirement System on June 1, in accordance with a resolution adopted by the bank's trustees at the regular meeting on April 19, 1943. Applications for participation have been made by 33 of the 36 eligible employees. "It is the opinion of the trustees and officers," said Major John S. Roberts, President, "that The Savings Bank Retirement System offers the best means of taking care of the pension problem." He further says:

"The providing of funds necessary to take care of retired employees by the joint contributions of the bank and the participating employees over a period of years is sound business practice and follows the pattern set by the Social Security Act and the retirement plans now being so widely adopted by American industry. The plan will provide a contractural pension right to the employees of the Flatbush Savings Bank hitherto lacking under informal arrangement."

It is noted that the Savings Banks Retirement System, which began operations on May 1, 1941, now extends benefits to more than 850 employees of savings banks and savings bank instrumentalities in New York State. It is further understood that a number of other banks are considering participation in the near future.

The Liberty State Savings Bank, Liberty Center, Ohio, has been admitted to membership in the Federal Reserve System, it was announced on May 20 by M. J. Fleming, President of the Cleveland Reserve Bank. The new member bank was organized in 1914 and has total deposits at the present time of just below $500,000. L. R. Bowers is President of the Liberty State Savings Bank.

George W. Walker, Chairman of the Board of Directors of Citizens National Trust & Savings Bank of Los Angeles, died on May 16 at his home in Los Angeles. He had been ill for some time with heart disease. The bank's announcement summarized his career as follows:

"Born at Albany, N. Y., Oct. 7, 1861, he went with his family as a very young child to Washington, D. C., where he had his schooling. In 1879 he joined a party bound for Arizona, and settled in Tombstone, where he engaged in mining and business. He came to Los Angeles in January, 1891, and entered the jobbing business, from which he retired in 1912. He invested extensively in downtown real estate and oil properties. He was President of the Oceanic Oil Co. and a director in numerous other corporations.

"Mr. Walker was one of the principal owners of the former Broadway Bank and Trust Co., in which he had been interested for about 10 years prior to its becoming the Citizens Trust & Savings Bank in 1911. He was Chairman of the Executive Committee and became also a director in Citizens National Bank. Since September, 1935, he has been Chairman of the Board of Citizens National Trust & Savings Bank. From 1935 to 1937, Mr. Walker was also a trustee of the University of Southern California."

FDR Refuses To Let Fortas Resign Interior Post

President Roosevelt refused on May 11 to accept the resignation of Abe Fortas, Under-Secretary of the Interior, declaring that Mr. Fortas, who is of draft age, "can best serve" his country by continuing in his present job.

Secretary of the Interior Ickes handed Mr. Fortas's resignation to the President on May 7, saying in an accompanying letter that he knew the Under-Secretary had submitted it "only because he did not want me or the Administration to suffer as a result of possible attacks upon him for remaining in a civilian post."

Mr. Roosevelt, in a letter to the Under-Secretary, said he appreciated his motives but would not accept the resignation.

Mr. Ickes had written the President that Mr. Fortas, as second in common of the Interior Department, had been given general jurisdiction over its activities and was "doing a splendid job."

Mr. Fortas, who will be 33 in June, is married but has no children.

United States Industries Growing Fast

Roger W. Babson Sees Great New Developments

My readers should remember, particularly when making investments, that some industries are always declining whereas other industries are showing healthy growth trends. During the war we have been in a kind of new industrial revolution. Our engineers and scientists have developed certain existing principles and made important new discoveries. After the War we all can benefit in our every-day lives from the progress being made in science and industry.

Roger W. Babson

Normal Growth vs. Stability

Investors and industrialists who wish to play more-or-less safe have a rather wide choice for their investment capital between the newer stocks and the old-timers. Among the industries which are now in a normal growth period are office equipment, electrical equipment, radio, rubber, electrical utilities, petroleum, building supplies and automobiles. Most of these industries are now concentrating upon war work, but after the War they will resume their customary operations. They may be expected, over a period of years, to grow slowly in their useful services and supplies.

Industries which have more-or less already "arrived" are characterized by their stability of operation. Among them may be railroading, mining, farm implements, telephone and telegraph, leather, lumber, ice, soap, cosmetics, containers, food, paper, steel and iron, the textiles and anthracite coal. Merchandising, banking and the printing and publishing industry may also be considered in the stable group. All these groups will be part of the American business scene for many years to come. But sooner or later they may proceed to the point where radical new developments will force them to change their methods or products or else they will enter a period of declining usefulness.

Mid-Trend Industries

There is also a midway group which will perhaps reflect, over the long pull, new growth and expansion. These include lighting and heating fixtures, bituminous coal, farming, suburban transportation, food preservation, photography, pulp products and home appliances. We all know that the lighting of factories and office buildings has improved immeasurably in the last few years. Further strides will be made in this field until perhaps the ordinary electric light fixture, as we know it, will be a veritable antique.

Bituminous coal is already giving us many new types of products of a plastic nature. It is still, when easily accessible, a most efficient source of electric power. Farming through chemurgy has an incredible future both from an industrial and food point of view. If space permitted I could go on and outline further new developments that will be made in the glass industry and in other lines.

Rapid-Growth Industries

Industries in another classification are literally in the cradle. They may become to our grandchildren what the telephone, the automobile and the airplane have been to us. They include television, wired photography, electronics, pre-fabricated houses, synthetic fibres, safe aviation, chemicals and plastics, insulation and air conditioning, alloys and light metals and the wonders of fermentation. It is in these fields that our engineers and scientists are doing their most constructive work. Investment and manufacturing capital may well consider the opportunities these fields offer for post-war growth.

The War has made many United States industries self-sufficient and other obsolescent. This may re-act both to our advantage and to our disadvantage. Other nations are looking forward to selling us, after the War, certain of their war products in competition with ours. If we do not purchase them, the working class, manufacturers and exporters of certain foreign nations may suffer greatly unless the needs for reconstruction take up the slack. Certainly, religion and science, in our post-war world, hold the joint key to solving the dilemma.

Industries to Avoid

All industries go through a life cycle and many eventually become extinct. The manufacture of the Conestoga Wagons which carried so many of our settlers West was a great industry in its day. The Barge Canals also did a great business. Even the corset industry has moved from whalebone to two-way stretch! The only thing that is certain in our lives is change. We must be equal to adapting ourselves to changing modes of living and to ever-changing investment and manufacturing conditions. In ordinary times, without the stimulus of war, it might take decades to bring about the changes which I now expect to see compressed into the next few years. Too many people are characterized by their inertia which keeps many in decadent businesses and investments. Hence, my advice to readers is to acquaint themselves with what is going on.

Newspaper Advertising Now Will Pay Dividends After The War, Mortgage Bankers Told

A great opportunity is available to mortgage bankers today to create a backlog of good-will for the post-war era by using newspaper advertising—but it should be the institutional kind, according to Stephen G. Cohn, public relations director, Dovenmuehle, Inc., Chicago, writing in the May issue of "The Mortgage Banker," published by the Mortgage Bankers Association of America. Mr. Cohn's firm is nearly a hundred years old. He states:

"Newspapers offer a great field for institutional promotion in the mortgage industry for building a mighty backlog of good will. So-called action-seeking newspaper advertisements, however, of the type that offer certain rates, terms and plans and are designed to pull in immediate replies will probably not pay now. Mortgage and real estate operations are too limited today; the market you shoot at (that of current buyers and sellers) is too small. I feel that this type of high-pressure, specific-proposition advertising never did pay in the mortgage business and was never the correct type to use.

"There is not so much civilian activity in real estate now, hence there is not so much competition for the property owner's attention. This is an ideal time for the enterprising and courageous merchandiser to build for the future."

Mr. Cohn points out in his article that mortgage men "have never had the opportunity to advertise as cheaply as you will be able to advertise today" and explains that under present tax laws the government allows advertising expenses as legitimate deductible items if kept within reasonable bounds. He declared that firms which expect to be back in the field doing business after wartime restrictions on new building are lifted will be wise to maintain institutional advertising programs during this period.

Stalin Felicitates Allies On Tunis Victory

Premier Stalin sent a message of congratulations to President Roosevelt and Prime Minister Churchill on the Tunisian victory, Moscow announced on May 9 in a broadcast recorded by the Soviet monitor in London.

Identical messages sent to Washington and London said:

"I congratulate you and the gallant British and American troops on the brilliant victory which led to the liberation of Bizerte and Tunis from the Hitlerite tyranny. I wish you further successes.

GENERAL CONTENTS

(Continued from first page)

Weekly Engineering Construction ..1989
Paperboard Industry Statistics 1991
Weekly Lumber Movement 1990
Fertilizer Association Price Index...1986
Weekly Coal and Coke Output......1988
Weekly Steel Review 1989
Moody's Daily Commodity Index...1989
Weekly Crude Oil Production......1990
Non-Ferrous Metals Market 1990
Weekly Electric Output 1987
Commercial Paper Outstanding....1986
Fairchild's Retail Price Index for April 1987
April Cottonseed Receipts..........1987
April Business Failures Again Lower 1987
April Life Insurance Sales Increase..1988
American Zinc Industry Summary. *
Copper Institute Summary.......... *
Pig Iron Production................ *
Daily and Weekly Copper, Lead and Zinc Sales...................... *

These statistics omitted from "Chronicle" at direction of the War Censorship Board. (See notice on first page of Section 2 in August 27, 1942, "Chronicle.")

Miscellaneous

Says Industry Leadership Will Use War Experience as Guide 1977
House Votes More Lend-Lease Funds 1978
Resumption of Foreign Trade Essential 1979
Narrow Price Margin Curtails Cotton Goods Output 1979
OPA Bans Non-Essential Driving ..1979
Post-War Social Security Plan Called "Politics" 1979
Half of Daily Papers on 5-cent Basis 1979
Demobilization to Bring Enormous Re-Employment Problem 1979
FDR Asks $400 Million for War Housing 1981
Church Pension Fund Elects Directors 1981
Asks $72 Billion for Army..........1981
Says Kilgore Bill Threatens Research Monopoly 1981
Seeks $5 Billion for Naval Aviation.1981
Schram Sees Bright Post-War Future 1982
Important Role for Life Insurance Cos. in Post-War Housing........1982
Schedules Sale of Seized Axis Stock.1982
April Freight Truck Volume Higher.1982
Resign from Treasury War Loan Posts 1982
Says Political Principle Must Underly Economic Rehabilitation 1983
WPB Creates Civil Supply Office...1983
Food Subsidy Plan Under Consideration 1983
Hoyt Named Head of OWI Unit....1983
New Cotton Exchange Members....1983
Concluding Half of Anderson's Analysis of Currency Plans..........1984
Individual Savings Higher in First Quarter 1986
Conn. Governor Refuses to Aid Pleasure Driving Ban 1986
House Appropriates $29 Billion for Navy 1986
Says U. S. Cannot Feed World 1987
Opposes Post-War Installment Buying Plan 1988
Treasury Wants $16 Billion New Taxes 1989
Revise Method of Making Calls on War Loan Depositaries 1991
Named Head of N. Y. Controllers...1991
Babson Says U. S. Industries Growing Fast 1992
FDR Refuses to Accept Fortas Resignation 1992
Says Newspaper Advertising Now Will Pay Dividends 1992
Stalin Congratulates Allies on Tunis Victory 1992
WPB Urges Further Economy in Newsprint 1980
Lehman Sees Creation of Allied Relief Office 1980
April Construction Contracts 1980
Government Needs Blueprint Workers 1980
Says Planning Board's Idea Would Kill Private Enterprise 1977